

LOMBARD

Why CCA refuses to add up

BY ANTHONY HARRIS

NOT EVERYONE is going to feel very dismayed at the news today that the introduction of Sandilands accounting methods is falling badly behind schedule. A lot of accountants, including one of the best-known firms in the country (and indeed in the world) are far from sorry. Bankers, whose problems were simply overlooked by Sandilands, may feel that the silver lining is rather bigger than the cloud. The Society of Investment Analysts, so reluctantly brought round to the system, may see an opportunity to return to their first critical thoughts.

Quiet pleasure may also be felt in Brussels, where the task of harmonising European company accounts—one of the bits of make sense—has been looking increasingly impossible with the British dashing off in one controversial direction, and the French reportedly on the point of going even faster in another. Sir Douglas Allen may feel that his job of pruning the Civil Service will be a little easier if the Central Statistical Office is not, for the present at any rate, asked to produce something over 100 new price indices for the accounting profession. Some of the academic critics, such as Professor Baxter and Professor Middleton, who have been publishing salty comments on the Sandilands Report ever since it appeared, will surely be tempted to perform some kind of celebratory dance.

Cheer for delay

However, just in case all these critics are overcome by tact, I will raise my own small cheer. Delay is for once the right outcome: it offers time. The delay is also in some ways a humbling lesson for the critics: for it now appears that while we were all, in our different ways, demonstrating to our own satisfaction that the proposed system of Current Cost Accounting is intellectually unsatisfactory, the really fatal flaw has proved to be quite a different one: CCA is a devilishly complicated way of achieving rather a simple result—so complicated, indeed, that it now appears that small companies will not merely be slow to adopt the system: they refuse to do it at all.

This is very odd, because the one merit which even the sternest critics have been pre-

RACING

One for Star Prince

WITH LINGFIELD abandoned because of the waterlogged state of its low-lying Surrey course, the only racing to be seen today is the afternoon session at Doncaster. The best proposition of the afternoon, in my opinion, is Mr. David Robinson's once-raced juvenile, *Star Prince*, which is amongst the runners for the Bramham Moor Maiden Stakes (2.30).

This extremely well-bred chestnut by Realm out of Welsh Star—the mare has already produced four winners, including Welsh Pearl—showed the he may well have been cheaply bought at 17,500 guineas when making his debut in the Ribblesdale Stakes at Doncaster on St. Leger day. Looking a good deal more in need of the race than his rivals, *Star Prince* was well in contention approaching the final furlong, but he became unbalanced after jumping a path.

A powerfully made and handsome individual, *Star Prince*, like the majority of his sire's stock, should be well suited by the testing conditions and is suggested to be a reasonable amount of confidence. Don, third in that Doncaster event, has since finished a disappointing fourth in weaker company at Redcar but may still be the principal threat to the selection.

Half an hour after the Bramham Moor Maiden Stakes (2.30).

YORK
2.00—*Santana*
2.30—*Star Prince****
3.00—*Derringer**
3.30—*Cupid's Dew*
4.00—*Light Lager**
4.30—*Bright Finish*

hym—*Moors Stakes* I expect another Newmarket representative, the soft ground specialist *Derringer*, to land the Chesterfield Handicap (3.0); while *Light Lager* can boost hopes of an SKF Cesarewitch triumph with a victory in the Rockingham Cesarewitch Trial (4.0).

Timeform, which for nearly 30 years has published that indispensable annual, *Racehorses*, which covers so comprehensively the summer sport and the many horses in training on the flat, now introduces a companion volume to cover the jumping season.

Many people in all spheres of the sport had been eagerly awaiting this volume, and there seems little doubt that it will soon become the standard work of reference for those involved in National Hunt racing as well as a valuable asset to the serious betting man. It contains nearly 700 pages and 300 photographs and is published to-morrow at £12.50, including postage, by Portway Press, Timeform House, Halifax.

giving £10,000 for a pair of 12 bore over-and-under sidelock ejector guns by Boss.

Philips sale of furniture at Knowle, in the Midlands produced £243,419 with Haig paying £2,700 for a 17th century oak court cupboard, while Sharabon acquired a late 17th century longcase clock by Ebsworth of London for £2,150. At Phillips in London an 18th-century porcelain group of a wounded Roman warrior and a woman, made in the Doccia factory near Florence, went to Carani for £1,700.

At Stanley Gibbons there was a sale of paper money which totalled £28,100. The top price was £5,500 for a 10-shilling note—the 10-shilling note of the Stockholm Bank which was issued in 1666. A Tientsin Deutsche-Asiatische Bank 10 dollar note of 1907 sold for £300 and two Danish emergency notes issued during the Napoleonic wars fetched £155.

Sotheby's Belgravia sold English works of art and furniture, mainly Victorian, for £30,162, with a French carriage clock making the top price of £340. Once again clocks, particularly single ring, with the lovely Victorian mantel clocks, were much in demand.

Christie's other sale room in South Kensington, furniture sold for £16,106, and cameras and photographic equipment for £10,010. A sextant of the mid-19th century by Berge realised £12,000 and Partridge £1,700.

There were two more successful auctions at Christie's. Jewels, as usual, did very well, with most items exceeding their forecasts. A diamond necklace forming a tatra sold for £20,000 to Seymour and a rectangular cut diamond single stone ring, with the diamond weighing 10.06 carats, was bought by Music for £16,000.

A sale of modern sporting guns, another strong market, realised £140,543, with a pair of 12-bore sidelock ejector guns by J. Purdy going to McFarlane for £12,000 and Partridge £1,700.

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BY DOMINIC WIGAN

Irwin's experience to tell against Ballesteros

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THERE ARE TWO distressing aspects to the Picaresque World Match Play championships which begin at Wentworth over the West Course to-day. There is a persistent rumour that the Spanish player, who has won five times in the event, is not as good as he is taken for. The other is that the British player, who has won the event three times, is not as good as he is taken for.

The course, which like every other in Britain, has been severely tried by the drought, is virtually grassless on the fairways, and the rough has recently been pounded by heavy rain, so that there will be hard luck stores that are more than ever valid because of the conditions.

There could hardly be four more fascinating matches than the first, Hale Irwin, the winner in the last two years, opposes the brilliant young Spanish teenager, Severiano Ballesteros, who tops the British Order of Merit and last week-end achieved a victory over Gary Player in the Lancome Tournament in Paris by no fewer than ten shots.

Day in and day out, Irwin is without doubt the finest golfer in the world, but two factors are stacked against him. First, he has broken his three wood this week. Second, if it rains, he is severely disadvantaged as a wearer of spectacles.

Critics readily write off the young Spaniard because he is certain, in their opinion, to make several trips into the tree-lined jungles that line both sides of practically every fairway. But in this form of competition that matters little if you can record the odd seven birdies and perhaps an eagle or two, which has always been the

GOLF

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by GARRY O'CONNOR

New draft

by B. A. YOUNG

1.473
PR

Iavergal Brian Festival

cause of Havergal Brian, neglected, long-lived, obstinate, productive composer is being fought for in his arly year. At least three on the main axis his music recently appeared. At the adra Palace, the BBC the Philharmonic and the GfC been bravely appointing a Festival of Brian, com- the Alexandra Palace, where arches, the devoted, a rolling, mends, not at all disagreeable but far from clear, is hardly the best place to judge. Certainly these two symphonies showed none of the conventional, timid or amateurish approach one might expect from a composer who had sadly few opportunities of putting his scoring to the test of performance. Neither did it suggest a particularly original or sensitive ear - stout, English woolen, woven with a tough thread, with sometimes an odd suggestion of Reger thinned out by Hindemith.

Brian's tenderness (better than long-windedness), leaves one ready for more, or to be more accurate, feeling one ought to hear more - a matter of ear science as much as musical appetite. That so few people made the damp pilgrimage on Tuesday to the booming cavern on the windy heights is sad but not altogether surprising. Mr Handley's vigorous, confident direction of a willing NEO spoke of devoted preparation. The inclusion at the beginning of the concert of the beautiful, too infrequently heard *Oenwides* of Sibelius (nothing rough or discontinuous there) was welcome if not entirely helpful to what followed.

RONALD CRICHTON

Alec Guinness as Jonathan Swift and Nicola Pagett as Stella in 'Yahoo,' a new play about Swift that opened last night at the Queen's Theatre

by ANTONY THORNCROFT

Festival Hall
LPO by A R
If an orchestra announces
complete cycle of the Beethoven

"Down the Long Road" is a good record of his skill. Many folk singers' sound feeble and uncomfortable when performing without an accompaniment. Davenport's voice is so strong and rough he's heard that when he sings the words "Down the Rakes or other groups of old friends some of the impact is lost. But from the very first notes of "Navy Boots" through to the beautifully poignant "Down the Long Road" and the jiggling "Whiskey in the Jar" Davenport shows that folk song is a dying art. He's not just a numbing, but moving, to be

June Tabor has a rather melancholy voice which not surprisingly comes over best on morbid songs such as "The Band Played Waltzing Matilda," which tells of an Australian

Die Walküre by MAX LOPPERT

his audience, did Wotan bestow on Brünnhilde those all-important long, sorrowful, loving looks of farewell? We were unable to discover; and the inability is significant.

For *Die Walküre* is one of the richest and fullest expressions of warm, noble human emotion in art; and a production that mini-

Hard work, then, for the players to reach our hearts; even so, employing other standards, one could still deem the three newcomers to the second cycle unsatisfactory, though in varying degrees. Peter Hofmann, a young, slim Siegmund with a Burne-Jones face and figure, and a voice of grateful warm and Angel" that one needed to shade the ears; another, in the low range, of sudden soft, sweet beauty. There seems to be no vocal discipline to link them; and only a very limited feeling for the import of the words. Miss Kasza is tall, handsome, talented and willing; but her Walküre Brünnhilde sorely lacks finish.

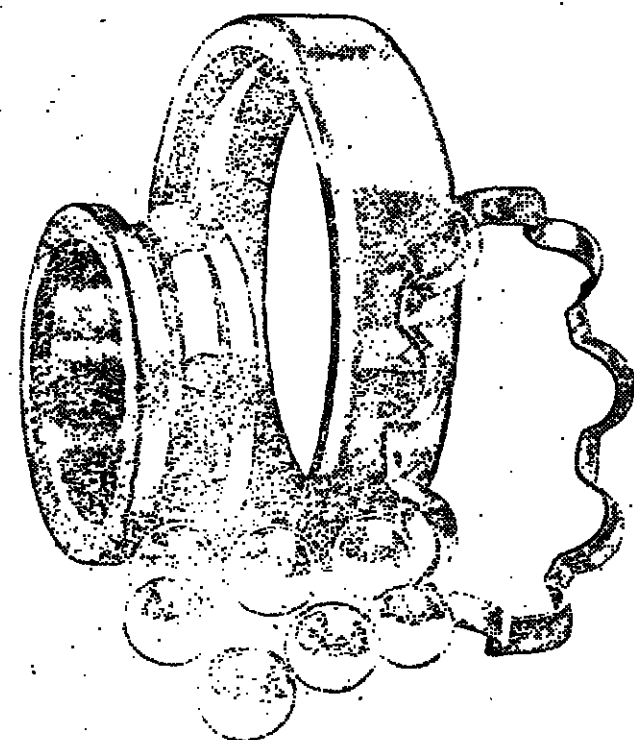
Lassus

Clive Wearing, presenting the London Lassus Ensemble in a promising South Bank debut, made this potent nationalistic mixture of the Munich court the centrepiece of his *sestina*, six madrigals from a collection of music by the musicians of the court, including Massimo Troiano (better known as a writer) who compiled the volume. Conservative, in Battista di Cremona's imitative *Et hor' il canto*: 'bold, in Cosswain's chromatic *Il mite miravaglio* characterful *Il mio Vento*. "Mille lacuelli" they provided an interesting sample of prevalent madrigal styles, though none was

widely around the platform, but he controlled them meticulously, even in the complex time-changes of "Chi chilloit." His instrumentalists supplied a little of the tasteful ornamentation which was unfortunately absent from the vocal parts, though the shrill cava, doubling of the recorder, was distracting. When Mr. Wearing has encouraged his singers to project more strongly and his instrumentalists to play more incisively, then the ensemble will be ready for the great Lassus settings with which they began and ended: glorious music, here underplayed.

NICHOLAS KENYON

1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26



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SKF

EUROPEAN NEWS

Spanish Right calls for tougher line against terrorists

BY ROGER MATTHEWS

MADRID, Oct. 6.

THE BODIES of two of the police officers assassinated in Monday's terrorist attack in the Basque city of San Sebastian were buried in Madrid today after a long night of tension, in which the difficulties of Government control over some members of the security forces were emphasised once again.

Small groups of extreme Right-wingers went on the rampage in San Sebastian last night, following the funeral of Sr. Juan Mari Araluce, a member of the Council of the Realm and President of the Regional Council of the Basque province of Guipuzcoa. With four members of his bodyguard, he was gunned down outside his home by members of the Basque separatist group ETA.

After the funeral service, extremists armed with chains, metal rods and pistols smashed the windows and furniture of several cafes and restaurants, fired shots into the air, ejected people at gunpoint from at least one cinema and theatre, and tried to halt production of a local daily newspaper. Eye-witnesses said that although riot police were on the streets, they made no attempt to intervene and made no arrests. At least a dozen people had to be treated for injuries.

Shortly after midnight in Madrid, members of the police force, and especially the political branch, began gathering 27 kilometres north of the city on the main road from San Sebastian to await the arrival of their colleagues' bodies. At 2 a.m., at least 1,000 people were gathered in an atmosphere which was described as one of extreme bitterness and determination that the bodies should rest before burial at the headquarters of the police in Madrid's Central Square.

The civil governor of Madrid and the chief of police hurried to the scene to try to reinforce their instructions that the coffins should be taken to the governor's headquarters. After negotiations, it was agreed that the bodies would be taken to the police headquarters, but with the understanding that their burial should not be disrupted by demonstrations.

Low-paid to benefit by Norway's budget

By Fay Gjester

DIRECT TAX concessions, benefiting low and middle income groups and families with children, are a main feature of the budget for 1977, presented to the Storting (parliament) today by Norway's Labour Government.

The concessions are worth some Kr.1.9bn., and Finance Minister Per Kleppe said additional cuts will be granted if wage earners agree to relatively moderate pay rises when current wage contracts are revised in the Spring, in a new combined settlement involving Government, unions and employers. The budget also proposes a substantial increase in old age pensions, while food subsidies (an important element in the Government's overall income policy) will be kept at their present high level.

The cuts in direct taxation will be partly offset by increases in duties on beer, fortified wines, spirits and minerals, in the petrol tax and the kilometre tax on lorries. Postal, telephone, electricity and public transport charges will go up, and the employers' contribution to social security charges will be increased in most parts of Norway—though firms in the north and other development areas will be exempt from the rise.

As a whole, the budget aims at curbing inflation, in a time of general recovery from the recent world recession, while at the same time allowing real disposable incomes to rise slightly—the target for 1977 is 2.5 per cent., compared with 3 per cent. this year.

The massive hunt for the killers went on in the Basque region today with the number of detentions now well in excess of 100. Meanwhile, the determination of the Right to force the Government to revise its policy of liberalisation was shown by a long interview granted by King Juan Carlos to Sr. Gonzalo Fernandez de la Mora, one of the leaders of a Right-wing alliance headed mainly by ex-Ministers. He is understood to have warned the King of the dangers of allowing "subversive groups" to operate freely, and blamed the San Sebastian killings on Government weakness.

The Employers' Association of the Madrid Region took a similar line in a hard-hitting statement that called on the Government to halt "tolerance" towards the bodies of the dead, and to act energetically in defence of peace "the only way to stop Spain becoming No. 1 in Europe for inflation, unemployment and wildcat strikes."

To-morrow's scheduled cabinet meeting, which was expected to approve a series of economic measures, has been postponed until Friday, and it may be that the Government will now have to devote itself almost entirely to political matters. Despite the inner cabinet committee on economic affairs during the past ten days, it is still believed that sharp differences of opinion remain on the type of measures to be adopted.

Mr. Gromyko talks soothingly to Danes about Soviet arms

By Hilary Barnes

COPENHAGEN, Oct. 6. DENMARK AND the Soviet Union today signed an agreement providing for regular political consultations on specified subjects, including European security, disarmament, bilateral issues and other causes of international tension.

The agreement was signed here at the conclusion of a brief visit by Mr. Andrei Gromyko, the Soviet Foreign Minister.

During the visit, Danish Prime Minister, Anker Joergensen, and Foreign Minister, K. B. Andersen, expressed their concern at the big increase in Soviet military activity in the Baltic in recent years, culminating last month with an exercise involving troop landing craft close to Danish waters. Mr. Gromyko gave general assurances that this activity was not directed against Denmark.

Mr. Gromyko also said that the agenda was "giving a new shape to Turkish-EEC relations." The chairman of the pro-Islamic National Salvation Party and an anti-Common Market man, Mr. Erbakan said that "emphasis has been placed on the fact that the present conditions are unacceptable to Turkey and it is imperative that changes are effected to adopt these conditions to the day."

The EEC is reluctant to grant more generous concessions to Turkey because both agricultural exports and workers are very sensitive issues, the first particularly with Italy and the second with Germany.

Official EEC and Turkish sources here do not expect that a compromise is likely to be reached soon and believe that Mr. Demirel will freeze Turkey's relations with the Community—that is to say stop implementing the tariff reductions and other measures which were drawn up to pave the way for Turkey's gradual integration with the EEC.

Mr. Demirel's right-wing coalition Government rejected an EEC package on both these two and other matters as "unsatisfactory." The association council was originally scheduled to convene last July but was postponed because there was no hope of reaching a compromise settlement. The same situation is now valid, both Turkish and EEC officials here say.

Opening today's meeting Mr. Erbakan said that the agenda was "giving a new shape to Turkish-EEC relations." The chairman of the pro-Islamic National Salvation Party and an anti-Common Market man, Mr. Erbakan said that "emphasis has been placed on the fact that the present conditions are unacceptable to Turkey and it is imperative that changes are effected to adopt these conditions to the day."

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Historic meeting of Portugal Assembly

BY PAUL ELLMAN

LISBON, Oct. 6.

PORTUGAL'S NATIONAL laws banning unofficial stoppages as well as lock-outs. The Inter-sindical today session by a democratically elected Parliament since 1926. Government's decrees as "unconstitutional" by asking the Constitutional Council and the Revolutionary Council of the Sao Bento Palace here was Armed Forces to intervene on the knowledge that the session its side to force the Cabinet to allow them to be debated by the National Assembly.

The confederation's leadership position has been under attack recently from 60 of the 190 affiliated unions who claim that the secretariat has too closely allied itself with the Communist Party and who are threatening to form a rival trade union grouping.

The pressure on the Socialist (Government) from the Left is matched by its opponents on the Right. The Socialist Democrats are threatening to embarrass the Government by forcing divisions over the voting system to be used in the local elections and over agrarian reform which would both drive Socialist deputies into the same lobby as the Communists.

Plainclothes police boost French general strike

BY GILES MERRITT

PARIS, Oct. 6.

FRANCE'S one-day general strike to-morrow in protest against the stringent anti-inflation measures planned by new Premier M. Raymond Barre is following today's unexpected announcement that the demonstrators will be joined by plainclothes policemen.

Normally, the plainclothes police remain firmly on the other side of the political fence on these occasions, maintaining discreet surveillance of protest marches and meetings and even taking film of the participants. But because of recurring discontent over manpower and working conditions, combined with fears that France's Gendarmes Nationale is increasingly taking over its duties, the Syndicat National des Policiers En Civil is demanding that the Government review its commitment to the police.

At the same time, the plainclothes police union, is along with representatives of other police unions, to take part in to-morrow's march through central Paris.

Organised by France's three leading trade union bodies, the Communist-led CGT, the Left-wing Socialist CFDT and the FEN teachers' organisation, and backed by the Socialist-Communist opposition alliance, the strike has been billed as having the support of up to 80 per cent. of the working population.

Next week, as part of the Left-wing opposition's concerted attack on the Barre plan to dramatically cut the number of public employees, the Communist-led CGT, the Left-wing Socialist CFDT and the FEN teachers' organisation, and backed by the Socialist-Communist opposition alliance, the strike has been billed as having the support of up to 80 per cent. of the working population.

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THE EAST GERMAN MIDDLE CLASS

Falling further behind

BY LESLIE COLITT, BERLIN CORRESPONDENT

REINHARD and Birgit Kasper are one of many East German middle class couples who feel that they are falling behind the workers in the headlong race for a higher standard of living. Their complaints may sound self-centred to the great mass of East Germans who earn far less than they do. But they are no less real than middle class grumbling in the West against rising taxes and inflation.

Herr Kasper is 38, a doctor of physics employed in the research laboratory of a factory outside East Berlin. His wife, aged 36, also works, as do over 80 per cent. of East German women of working age. She is an editor in an East Berlin publishing house. She has a degree in engineering as well as teaching, a calling which she gave up some years ago for health reasons.

After 14 years of the job, Herr Kasper earns Marks 1,500 gross salary a month (€330 at the official rate) from which about 25 per cent. is deducted in income tax and social security and health insurance contributions. This is above the average tax level in the German Democratic Republic, but both husband and wife pay for a supplementary benefit giving them 75 per cent. of their income in the event of illness beyond the first six weeks during which full payment is made. Herr Kasper says his salary has remained virtually unchanged over the past six years, while average wages for industrial workers have gone up from Marks 665 to Marks 870 in the same period.

Frau Kasper earns Marks 910 for a 42 hour week, the same working hours as her husband's. Her salary, too, has remained static since 1970 and she is seriously considering leaving the factory where she would immediately take home Marks 200 more a month. Under the revised wage system announced at the Socialist Unity party congress in May, both the Kaspers are to receive an improvement of their remuneration. However, the five year plan to 1980 proposes an average 4.5 per cent. annual increase in the net income of the population, leaving it up to the authorities to decide how to get the highest increases.

The Kaspers say that they are certain that industrial workers, particularly in key industries, will benefit the most while the "intelligentsia," in which they include themselves, will get least. They recall that in recent years, as production rose by an annual 4 to 6 per cent., the wage contract of most workers in industry was not changed, but that their so-called "excess performance wage" paid for increasing productivity did rise by an even higher amount each year. Currently these excess performance earnings make up some 45 per cent. of the industrial workers' total pay. Teachers, scientists, medical personnel, and civil servants, however, continued to receive only the amount set down in their wage agreement.

The word intelligentsia has fallen into official disfavour in East Germany where it was long associated with a policy of special favours under East Germany's founding father, the late Herr Walter Ulbricht. Until the scaling of the border in 1961, Herr Ulbricht made sure that doctors, scientists, teachers and other members of the intelligentsia—in short, most people with a higher education—received special benefits in the form of higher income, extra pension plans, and special holiday and medical benefits. The purpose was to discourage these people from going to the West before the building of the Berlin Wall put a stop to their departure.

The codding of what was the new East German middle class nonetheless continued until the present party leader, Herr Erich Honecker, took over in May, 1971. One of his first measures was to turn over to the trade unions a number of new resort hotels built to cater to well-to-do East Germans and hard currency discount houses. The foreigners added impetus to the lot of the East German worker was given by uprisings of workers in neighbouring Poland during December 1970.

If the estimated 1.6m. members of the East German intelligentsia feel they have been neglected in recent years, they still do not do badly by East German standards.

The Kaspers live in a light and airy complex of apartment houses built ten years ago on standards. But the Kaspers, the wooded, lake-studded park of East Berlin. They paid Marks 4,500 to get on to the waiting list for the four-room flat with kitchen and bathroom which they still occupy. The apartment is far better than the average in East Berlin, having central heating and a large balcony. Herr Kasper's membership of the intelligentsia was decisive in obtaining the flat for which the couple pay only Marks 95 (€21) rent a month, plus some Marks 35 in gas and electricity bills. A family of three such as this normally would qualify for only a three-room flat at best, but Herr Kasper, as a scientist, is entitled to have an extra room as his share.

There are few frills in the Kasper household, and unlike most East German workers they do not even have one of the simple washing machines crammed into the bathroom. One luxury is a second television set for their son, although both sets in the flat are second-hand, costing some Marks 900 each and repaired by an acquaintance who is an electronics engineer. He in turn received some other way for many other products. "After all," Herr Kasper says, "how many potatoes do I have to eat?"

If durable consumer goods, such as a suit of clothes, a synthetic material, a Kasper costs upwards of 350—makes the largest variety is cheap by the standards. But the Kaspers, that anything as ordinary as a can of (selling at Marks 4) Morocco or a bottle of table wine (costing Marks a luxury).

The Kaspers do well better than many East German workers, when they are day, provided they can afford to holiday in a camp on the Baltic Sea coast of Marks 42 in addition to and travel.

Spurred on to wish for higher levels of consumption, their nightly viewing of German television as well contact with over 100 Germans who now live in Germany each year, they have decided to make tastes and desires. They believe are unlikely to be filled for a long time, that it more likely that East German workers are well on the way to their simpler way of life in coming years.

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Free Democrats turn down Herr Kohl's offer

BY ADRIAN DICKS

BONN, October 6.

HERR Hans-Dietrich Genscher, leader of the West German Free Democratic Party (FPD), today turned down firmly the offer of a new Centre-Right coalition made by the Christian Democratic (CDU) leader, Herr Helmut Kohl. At the end of an hour-long meeting in Herr Genscher's office at the Foreign Ministry, the FPD issued a brief statement pointing out only that the Party would not have voted unanimously last night to continue the present coalition Government with the Social Democrats under Herr Helmut Schmidt. Herr Genscher went on to attend the first post-election meeting of the present cabinet, before flying to New York for the UN General Assembly.

At no point since the coalition's narrow re-election victory last Sunday had the FPD been expected to entertain serious thoughts of leaving the coalition. Herr Kohl's coalition offer, the CDU leader seems to have made it again, principally to underline the fact that his party is now the largest in the new Bundestag, and the biggest in terms of the 48.8 per cent. share it won of the popular vote.

Meanwhile, the FPD is once again being tempted by CDU coalition offers in two of the most finely-balanced state Governments, Lower Saxony and the Saarland.

If the FPD yields to any of these overtures, it might be able to make life easier for the Bonn coalition in the upper house, where the CDU's majority gives it a position too strong to be easily over-ridden by the SPD's reduced strength in the lower house. The danger, however, would be of confusing FPD voters about where the party's sympathies and loyalties really lie, given that it has now locked itself firmly to Kohl's coalition offer. The CDU Herr Schmidt's fortunes once again.

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Turkey draws up EEC policy

BY METIN MUNIR

TURKEY TODAY started drawing up its negotiating stance towards the Common Market with which its association agreement has entered a virtual deadlock over new concessions that Ankara is seeking and that Brussels has refused to grant.

The Interministerial Economic Council, which is a high level body of Cabinet Ministers and senior officials, met here today under Mr. Necmettin Erbakan, the Deputy Prime Minister.

The Turkey-EEC association council is scheduled to meet in Turkey on October 16. The council membership is made up of the Foreign Ministers of the Nine and that of Turkey and is the most senior organ of the association. There is a strong possibility, officials here say, that the meeting may not take place and even a stronger possibility that it will not be able to resolve the deadlock if it does.

The deadlock has arisen over new concessions Turkey sought for its agricultural products in EEC markets and free movement of its workers in the Community. These concessions are important for Turkey whose biggest sources of hard cash are workers' remittances and agricultural export earnings.

Mr. Suleyman Demirel's right-wing coalition Government rejected an EEC package on both these two and other matters as "unsatisfactory." The association council was originally scheduled to convene last July but was postponed because there was no hope of reaching a compromise settlement. The same situation is now valid, both Turkish and EEC officials here say.

Opening today's meeting Mr. Erbakan said that the agenda was "giving a new shape to Turkish-EEC relations." The chairman of the pro-Islamic National Salvation Party and an anti-Common Market man, Mr. Erbakan said that "emphasis has been placed on the fact that the present conditions are unacceptable to Turkey and it is imperative that changes are effected to adopt these conditions to the day."

The EEC is reluctant to grant more generous concessions to Turkey because both agricultural exports and workers are very sensitive issues, the first particularly with Italy and the second with Germany.

Official EEC and Turkish sources here do not expect that a compromise is likely to be reached soon and believe that Mr. Demirel will freeze Turkey's relations with the Community—that is to say stop implementing the tariff reductions and other measures which were drawn up to pave the way for Turkey's gradual integration with the EEC.

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Sweden's small shops fading out

BY JOHN WALKER

STOCKHOLM, Oct. 6.

THE SMALL food retailer and local stores will disappear from Sweden during the next 10 years, according to a survey made by the Swedish Food Traders' Association said that consumers would not accept there being only 2,500 supermarkets in the whole country.

The delivery and transport side of the business is to present the Government with a study which will outline three types of aid for the industry, which it is hoped will stem the tide of closures. This includes aid for investment, aid for wages and support for home deliveries.

The word intelligentsia has fallen into official disfavour in East Germany where it was long associated with a policy of special favours under East Germany's founding father, the late Herr Walter Ulbricht. Until the scaling of the border in 1961, Herr Ulbricht made sure that doctors, scientists, teachers and other members of the intelligentsia—in short, most people with a higher education—received special benefits in the form of higher income, extra pension plans, and special holiday and medical benefits. The purpose was to discourage these people from going to the West before the building of the Berlin Wall put a stop to their departure.

The codding of what was the new East German middle class nonetheless continued until the present party leader, Herr Erich Honecker, took over in May, 1971. One of his first measures was to turn over to the trade unions a number of new resort hotels built to cater to well-to-do East Germans and hard currency discount houses. The foreigners added impetus to the lot of the East German worker was given by uprisings of workers in neighbouring Poland during December 1970.

If the estimated 1.6m. members of the East German intelligentsia feel they have been neglected in recent years, they still do not do badly by East German standards.

The Kaspers live in a light and airy complex of apartment houses built ten years ago on standards. But the Kaspers, the wooded, lake-studded park of East Berlin. They paid Marks 4,500 to get on to the waiting list for the four-room flat with kitchen and bathroom which they still occupy. The apartment is far better than the average in East Berlin, having central heating and a large balcony. Herr Kasper's membership of the intelligentsia was decisive in obtaining the flat for which the couple pay only Marks 95 (€21) rent a month, plus some Marks 35 in gas and electricity bills. A family of three such as this normally would qualify for only a three-room flat at best, but Herr Kasper, as a scientist, is entitled to have an extra room as his share.

There are few frills in the Kasper household, and unlike most East German workers they do not even have one of the simple washing machines crammed into the bathroom. One luxury is a second television set for their son, although both sets in the flat are second-hand, costing some Marks 900 each and repaired by an acquaintance who is an electronics engineer. He in turn received some other way for many other products. "After all," Herr Kasper says, "how many potatoes do I have to eat?"

If durable consumer goods, such as a suit of clothes, a synthetic material, a Kasper costs upwards of 350—makes the largest variety is cheap by the standards. But the Kaspers, that anything as ordinary as a can of (selling at Marks 4) Morocco or a bottle of table wine (costing Marks a luxury).

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مكتبة الأمل

OVERSEAS NEWS

New Syrian attack imminent say Lebanese factions

OUR OWN CORRESPONDENT BEIRUT, Oct. 6

WING and Right-wing Lebanese factions, which are engaged in a bitter struggle for power, have agreed to a new Syrian attack on Lebanon. The factions, which are engaged in a bitter struggle for power, have agreed to a new Syrian attack on Lebanon. The factions, which are engaged in a bitter struggle for power, have agreed to a new Syrian attack on Lebanon.

bron zealots are blamed

DANIEL JERUSALEM, Oct. 6

S of eight scrolls of the Rabbi kept talking. About 2,000 other Jewish religious people attended. They included religious Cabinet Ministers and but the tensions which the invasion by 200 Arab on Sunday of the Temple Mount, the destruction of the Temple Mount, the destruction of the Temple Mount.

an oil production record

ROBERT GRAHAM TEHRAN, Oct. 6

SPILING AGAINST an 28 per cent increase in oil price increase in the by the consortium companies. Western economies has and direct exports by the Iranian oil production in National Iranian Oil Company.

IMF WORLD BANK MEETING

Concern about recovery in W. Germany, Japan

BY REGINALD DALE MANILA, Oct. 6

UBTS over whether Japan Germany are doing enough keep their economic overies going are likely to expressed here to-morrow in the OECD's working by three meet to review the id economic situation. The a concern is over current estment levels.

Dispute over World Bank role

OUR OWN CORRESPONDENT MANILA, Oct. 6

AGREEMENT between rich poor countries over the role of the World Bank became one of the central as of the annual Bank/IMF ting here. The main argu- t of principle has been over ther the Bank should be pri- ly a development bank, or ing loans on easy terms, as poor countries would like, or ther it should operate more a commercial bank, as advo- by the industrialised world.

Warning on Kenya succession move

By John Worrall NAIROBI, Oct. 6

KENYA'S Attorney-General, Mr. Charles Njonjo, today gave a stern warning to those advocat- ing an amendment to the con- stitutional clause whereby the Vice-President takes over for 90 days in the event of the Presi- dent's death or retirement.

Amin meeting with Britons

By Our Own Correspondent NAIROBI, Oct. 6

BRITONS LIVING in Uganda are to meet President Idi Amin to-morrow to discuss a memoran- dum submitted to him by 143 members of the British colony. Announcing this on Uganda Radio said the President was pleased with the contents of the memorandum and it would be discussed fully at to-morrow's meeting.

ON OTHER PAGES

International Company News: Renault forecast Gulf oil spending 26/27 Sony U.S. deal Farming and Raw Materials U.S. stockpile policy Third World farm growth 35

Thai coup: a failure for democracy

BY STEWART DALBY

TO-DAY'S BLOODY coup in Thailand is looking suspiciously like a carefully stage managed affair worked out over a period of time by the country's military to regain power, rather than a rescue act by the navy leaders to stop the current sliding into widespread anarchy.

The coup comes almost three years after the military regime of Field Marshal Thanom Kittikachorn and Prapass Charusathien were overthrown by massive student demonstrations and sent off to exile.



Deposed Thai Prime Minister Seni Pramoi shows strain during a news conference.

As both the Pramoi brothers perhaps inevitably preoccupied themselves with parliamentary tactics rather than tackling the country's pressing economic problems, it always seemed a strong possibility that the military, who with some very short interludes have held power since the abolition of the absolute monarchy in 1932, would try and regain power.

The sparking point for to-day's coup was ostensibly the return of Thanom Kittikachorn on September 19. The deposed Field Marshal, who had tried to return last year but was quickly bundled out returned, so it was said, to watch over his 91-year-old father who was dying. Thai, who were never colonised by Europeans and who are an essen- tially insular people, do not make easy expatriates. A few months ago, Prapass Charusa- thien, the number two in Thanom's Government, attempted to return from exile in Taiwan, but student demonstrations drove him out.



Troops guard Thai students arrested during yesterday's raid on Thammasat University in Bangkok.

almost incumbent upon all Thai adults to become buddhist monks for at least three months at some time in their lives, to make merit for their elders or parents. Buddhists believe in after life and making merit to provide for it.

By going quickly into saffron and invoking the case of his sick father, Thanom put Prime Minister Seni on the spot. Seni, who is a kindly but indecisive man, dithered and allowed Thanom to stay. The demonstra- tions almost inevitably followed. The Left-wing students clashed violently to-day with so-called Right-wing students. This in itself is curious as there is no history at all of Right-wing student movements. The most conservative student group is the boy scouts, who have the king as their leader.

The King's role could be crucial to Thailand's stability in the immediate future. With the fall of Indochina to Communist rule, and the withdrawal of the Ameri- cans who at one time had 48,000 airmen and support troops in Thailand, the kingdom has looked vulnerable. One thing that can be pre- dicted with relative certainty is that the military, whatever they try and do internally, will prob- ably not alter the country's course in foreign policy. The country's military by temper- ment, training and background are basically pro-western, and despite the election of the Americans under Kruith's pre- miership thus will almost certainly continue their ties with the West.

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WORLD TRADE NEWS

Chrysler may manufacture Mitsubishi cars in Europe

BY CHARLES SMITH, FIN. EAST EDITOR

TOKYO, Oct. 6.

Mitsubishi Motor will be exchanged about future production of a new car model in Europe, it was agreed today in a meeting between the two companies. The meeting was held in Tokyo, Japan, and was the first of a series of discussions between the two companies. The Mitsubishi car is expected to be manufactured in Europe, and the Chrysler car is expected to be manufactured in Japan. The two companies are expected to start production of the new car model in 1977.

Mitsubishi's car exports to Europe passed the 4,000 mark last month, after reaching only 3,000 in the same month of 1975. The company is currently shipping three models to Europe: the Lancer, Galant and Celeste. If it does decide to start manufacturing cars in Europe, the Chrysler car will be one of the models. Mitsubishi's car exports to Europe are expected to increase in 1977, and the Chrysler car is expected to be one of the models. The two companies are expected to start production of the new car model in 1977.

Strong attack by CBI on possible import deposit scheme

BY OUR INDUSTRIAL STAFF

AN IMPORT deposit scheme of the same type seen in 1968-70 could tie up £2.1bn. of company money, equivalent to 17 per cent. of the total liquid assets of industrialised and commercial companies at the end of June, the Confederation of British Industry claimed yesterday.

Moreover, the CBI said, these assets would then be frozen at a time when corporate liquidity was stagnating and companies' working capital requirements increasing because of some rise in the level of activity and higher prices for bought-in materials.

The Confederation's comments came a day after it appeared that the joint CBI-TUC initiative on selective import controls had stalled. In the face of doubts within the CBI and a lack of enthusiasm in Government.

Its assault on any suggestion of import deposits saw action on a second front yesterday when Mr. John Methven, the CBI director-general, emphasised in Belfast that the Confederation vigorously opposed the intro-

MIDEAST TRADE ROUTES

Transit permits pose problems

BRITISH ROAD hauliers are experiencing difficulties on overland routes to the Middle East due to the shortage of transit permits issued by the various countries en route. The Hungarians have stopped issuing permits, while both the Austrian and Italian permit allocations, it is argued, are far too low.

Imbalance

The road haulage industry has therefore been urging the British Government to negotiate an increase in permits with the countries concerned. As a result the Government has succeeded in reopening negotiations with Hungary for next year and in the meantime has secured a limited number of permits for this year.

The main problem in negotiating increased allocations is that such agreements are bilateral, with Britain tending to gain more than it can offer—for obvious geographical reasons. Britain is less popular as an international transit route. It is this imbalance which is hindering negotiations with key countries such as Hungary, Austria and Italy. The problem is less acute with countries like France which use many more British transit permits.

The existing overall arrangement, which also covers transit permits, has been adjusted slightly from time to time—always on an initiative by the British side. Indeed, the main opposition to an increase in the British quota comes from the Italian state railways, who argue that more freight would be directed to them if a tighter control was exercised over the allocation to the U.K. of freight forwarding permits.

The inability of Italian companies to utilise their bilateral quota stems in the main from a "lack of experience." One British source in Rome commented: "An island country, we have great experience in not only carrying freight across land but also over water, and this is the type of experience and service which Italian companies want."

The Italian authorities have also had considerable difficulties with the French Government in securing an adequacy of transit permits for traffic to the U.K., whereas, incidentally, Britain has not experienced similar problems. Accordingly, this has meant that there is little pressure from the Italian side to increase quotas overall, thus facilitating an increase of British allocation.

The U.K. has a need for a larger quota of permits, taking in all categories of freight transportation, and indeed a further round of bilateral talks might have opened before now but for the intervention of the Italian general election last June. New men now have direct ministerial responsibility in this area in both countries, and the British side is optimistic that a new bilateral exchange can get under way before the end of this year.

The fundamental problem remains, however, that while Italy's operational need is much as they do with those of French hauliers so that allocations can be more balanced.

Too heavy

Last year, for example, British hauliers received an allocation of 3,800 permits from the Austrians while the actual number issued was well over the official quota. Yet the Austrians were given only 714 permits by U.K. authorities. This imbalance, in turn, is partly due to the fact that most Austrian lorries at 38 tons are too heavy in respect of the British weight regulations for hauliers.

The quota for permits was fixed at 3,400 for this year (including 420 transit permits). At the last round of Austro-British negotiations last month it was agreed to allow a quota of 3,400 permits for 1977 for British hauliers, in addition to 700 permits for using a road/rail link from Cologne or Munich in Germany, through Austria to Ljubljana, Yugoslavia. Austrian hauliers say they hope that allocations will be more balanced if the same degree of flexibility when handling Austrian requests as they do with those of French hauliers so that allocations can be more balanced.

JAL threat to annul U.S. pact

BY DOUGLAS RAMSEY

TOKYO, Oct. 6.

SHIZUO ASADA, president of Japan Airlines, suggested today that Japan annul its civil aviation agreement with the U.S. if the U.S. does not accept Japan's 44.6 per cent. share of the trans-Pacific air market. Mr. Asada's statement was the opening salvo of the trans-Pacific war which promises to be a major issue in Japan-U.S. relations. It was also a sobering reminder of last week's conversations between Foreign Minister Zen-ko Kose and U.S. Secretary of State Henry Kissinger. The U.S. Secretary of State said in New York, and to judge from talks here on revising the U.S. passenger agreement, the matter will be referred back to Foreign Ministers for a 1975, though American officials have to be referred back to 56 per cent. of capacity.

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M-19	1285	2530	4825	8151	6384	7837	9049	10155	11387
24	1285	2530	4825	8151	6384	7837	9049	10155	11387
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97	1285	2530	4825	8151	6384	7837	9049	10155	11387
98	1285	2530	4825	8151	6384	7837	9049	10155	11387
99	1285	2530	4825	8151	6384	7837	9049	10155	11387
100	1285	2530	4825	8151	6384	7837	9049	10155	11387

On November 1, 1976, the Bonds designated above will become due and payable as aforesaid in cash or in currency of the United States of America at the time of payment shall be legal tender for public and private debts. Said Bonds will be paid, upon presentation and surrender thereof, with all coupons pertaining thereto maturing after the redemption date, at the option of the holder either (a) to the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 12 Boulevard Street, New York, New York 10015, or (b) subject to applicable laws and regulations, at the main offices of Morgan Guaranty Trust Company of New York in London, Frankfurt, Munich, Paris, Zurich, or Banca Morgan Vanviller S.p.A. in Milan, or Banque Generale du Luxembourg, S.A. in Luxembourg, or European-American Bank & Trust Company in New York City, or Deutsche Bank Aktiengesellschaft in Frankfurt (Main), Payments at the offices referred to in (b) above will be made by a check drawn on, or by a transfer to, a United States dollar account maintained with a bank in the Borough of Manhattan, The City of New York.

Coupons due November 1, 1976 should be detached and collected in the usual manner. On and after November 1, 1976 interest shall cease to accrue on the Bonds herein designated for redemption.

Dated: September 23, 1976

COMALCO INVESTMENTS EUROPE S.A.

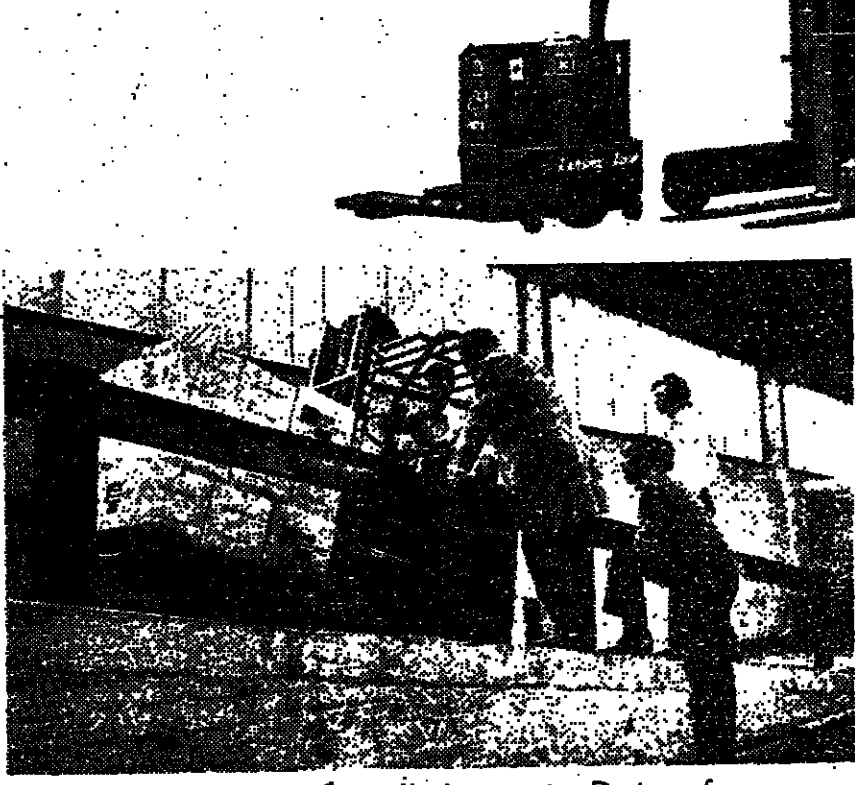
NOTICE

The following Bond previously called for redemption has not as yet been presented for payment:

M-5915

In the face of deals and discounting, how we give you better value for money.

By matching truck to task more exactly than anyone else. We recently saved a customer £1000 this way (our competitor was offering a tempting discount, but on an inappropriate machine). Nobody else can match our range of types and capacities, so nobody else can concentrate on solving problems as wholly as Lansing Bagnall.



Safety is rightly high on today's priorities. Design safety factors aside, our Fork Truck Training subsidiary teaches drivers and maintenance engineers to handle machines correctly and productively. No other schemes have our breadth and experience.



You can avoid capital expenditure by renting or leasing from Lansing Bagnall (we also sell trucks rebuilt to original specifications, as well as new). We are thus more flexible than other suppliers. As your needs change over the years, so we can change your trucks - on any basis. With Lansing Bagnall you need never be stuck with trucks you've outgrown, or pay for power you don't need.



We have more service engineers, more widely based and better trained and equipped than any other truck manufacturer. Around 90% of needed parts are always to hand in their depots; anything else can be traced (usually in minutes) by the most thorough and intelligent system in the industry.



By building more engine-powered and electric trucks than anyone else (62 basic models in all) we are best able to work out the most cost-effective combination for any job. The driver-approved diesel, LP gas or petrol powered trucks handle loads of 2, 2.5, 3, 3.5 or 4 tonnes.

Lansing Bagnall

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Write to Kingsclere Road, Basingstoke, or phone Basingstoke 3131.

HOME NEWS

Kaufman seeks collaboration deals for new aircraft

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DISCUSSIONS on the possible long-term development of a second-generation supersonic airliner to follow Concorde will be held in London early next month between Mr. Gerald Kaufman, Minister for Aerospace in the Department of Industry, and Mr. Marcel Cavallie, French Transport Minister.

These talks will range widely over the future of international collaboration between the U.K. and France on civil aircraft production, and particularly on the possibilities of European joint development of a new medium-range subsonic airliner for the 1980s and beyond.

They will be part of a continuing dialogue between Mr. Kaufman and his counterparts in Western Europe, following his recent visit to the U.S. where he discussed the possibility of collaboration with the chiefs of Boeing, Lockheed and McDonnell Douglas.

Mr. Kaufman is due to meet his Dutch and West German counterparts before the end of this month, while there are also imminent further discussions with U.S. manufacturers to determine Britain's new civil aircraft programme.

A Lockheed team, for example,

is due in London soon to discuss the possibility of collaboration on a medium-range, twin-engine version of the TriStar, called the Twin-Star, while McDonnell Douglas, of Long Beach, California, has called a meeting on October 21 to discuss possible joint development of a 160-180 seat medium-range airliner.

A senior Department of Industry official will fly to California to discuss his recent visit to the U.S. and Japan, where he had talks on future civil aircraft programmes. Mr. Kaufman yesterday made it clear that all the options remained open.

He would be prepared to see collaboration with both Europe and the U.S. on a number of different programmes, in various areas of civil aviation, provided they gave the U.K. both work and solid commercial returns.

We are not going into this for either political or prestige reasons," he said, "but for money, for commercial returns. If we can get a package across the whole spectrum of civil aviation then we will be happy to do it."

On the second-generation, Advanced Supersonic Transport, he explained that the thinking was at the earliest possible stage. Both he and Mr. Cavallie would discuss commissioning a "paper

study" of the prospects of such an aircraft, to form the basis of further deliberations.

Such an aeroplane, he thought, if ever developed, would cost less than Concorde (which has cost the U.K. and France some £1.2bn, since 1962), but it was necessary to keep supersonic civil aviation technology alive.

During his talks in the U.S., McDonnell Douglas had shown considerable interest in participating, and this was one topic he would discuss with Mr. Cavallie.

Such an aeroplane would need to be bigger than Concorde, with greater range, and less noise, but there seemed to be no insuperable technological reason why it could not be developed.

The more important task to be tackled, however, was the short-to-medium range civil airliner market, where some \$66bn worth of aircraft would be sold over the next ten to 15 years.

There were three areas involved—a 200-220 seater, a 160-180 seater, and an 100-plus seater. In all three there were several options open to the U.K.

The U.S. manufacturers, Boeing, Lockheed and McDonnell Douglas, all wanted the U.K. as partners.

"I am not closing my mind

Unions meet top shipyards committee

By John Wyles, Shipping Correspondent

TOP LEVEL talks on the future of Britain's shipbuilding industry were held in York last night between union leaders and the entire nine-man organising committee of British Shipbuilders which will run the industry after nationalisation.

Last night's discussions were the first formal contact between the two sides since the annual Trades Union Congress passed a resolution opposing shipbuilding redundancies last month. This is regarded as totally unrealistic by the organising committee which is vigorously backing up the shipbuilding companies' current efforts to find more business in the shrinking world market.

Mr. Graham Day, chief executive-designate of British Shipbuilders, and Mr. Ross Bell, managing director of Scott Lithgow and a part-time member of the organising committee, have both stated publicly within the last month that world trends could at worst reduce demand from British shipyards by two-thirds.

The members of the organising committee, drawn from the Confederation of Shipbuilding and Engineering Unions ship building committee. Contacts between the two were regular until June when Mr. Eric Varley, the Industry Secretary, set up a tripartite committee to investigate the orders crisis in depth.

CSEU leaders have been involved in this work and, despite the TUC's resolution, it appeared last night that some union leaders are now privately that employment cuts may be inevitable.

Several yards will have difficulty staying afloat for the next six months and, in the face of this looming threat, the unions are expected to press the Government to take steps to attract more orders.

DOVER DEVELOPMENT into a major port for roll-on roll-off freight vehicles has increased by 17 per cent in the first eight months of this year compared to the same period in 1975.

Dover Harbour Board figures show that by the end of August a record 210,359 lorries had passed through the Eastern and Western Docks.

According to the Board, record traffic levels have continued well into September. In the week ending September 27, 6,300 lorries passed through the port, averaging a record 929 vehicles a day.

On cargo tonnage, the 2,344m tons recorded for the first eight months was 5.83 per cent up on the 1975 figure.

However, it now looks unlikely that Dover will break any records on its passenger and car traffic.

Dover freight traffic rises

By Our Shipping Correspondent

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Bottled malt whisky demand rise forecast

By Kenneth Gooding

DEMAND for bottled malt whisky will grow at a high rate from now on, and it should increase its share of the total whisky market, Glasgow stock brokers Speirs and Jeffrey maintain in a report published yesterday.

The brokers point out that, while U.K. sales of blended Scotch fell by 8 per cent last year from 17m to 16m gallons, sales of single malt whisky were maintained.

And in the first seven months of 1976 a further fall of 6 per cent, when in blended whisky but sales of malt whisky were up 71 per cent.

Looking at the world scene, the brokers state: "We take the view that demand will continue to grow at a high rate and that there is scope for single malts to increase their share."

Some of them to be broken up

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State role in North Sea worries Exxon

BY RAY DAFER, ENERGY CORRESPONDENT IN NEW YORK

EXXON, the world's biggest oil corporation and one of the major operators in the North Sea, still appears uneasy about the terms being offered for State participation in U.K. offshore oil development. This is one salient point to have emerged during a week in which the Government made some further progress in its negotiations with the U.S. oil companies.

For although Dr. Dickson Mabon, Minister of State for Energy, has had fruitful discussions with senior executives of Mobil and Texaco during his visit to the U.S., he was unable to make appreciable headway with Board members of Exxon.

No comment has been made by either the oil companies or the Department of Energy, but it appears that Exxon-like its North Sea partner Shell—is still unhappy about the role that the State-controlled British National Oil Corporation will play in the direction and disposal of the oil groups' participation.

Both Mobil, which is operator for the Beryl field, and Texaco, which has interests in the Argyl and Tartan fields, are lower down on the Government's list of participation priorities.

Although the talks here in the past few days are believed to have gone some way towards establishing further the good relations between the Energy Department and the companies, the meantime, Mr. Mabon has now flown to Alaska to visit the 800-mile oil pipeline from the Prudhoe Bay oilfield in offshore allocations, the oil group, for its part, appears to

have indicated that it is "unimpressed by the blocks being pressed by the fifth round. In some ways this is borne out by the fact that only 50 of the 71 blocks and part-blocks are being sought by the industry, although Mr. Anthony Wedgwood Benn, the Energy Secretary, has said he finds this response encouraging. The Department of Energy announced this week that Exxon companies are seeking concessions. It is now believed, however, that most of the serious interest is centred on a handful of blocks.

Shell and Exxon still remain the major groups to agree to participate in the North Sea. Although British Petroleum has yet to approve the final details of its outline agreement.

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Inquiry may delay nuclear plant plan

By David Fishlock, Science Editor

A TWO-YEAR DELAY in starting the £750m reconstruction of the Windscale factory of British Nuclear Fuels in Cumbria is foreseen by the company if Mr. Peter Shore, the Environment Secretary, accedes to pressure from environmental groups and calls in its planning application pending public inquiry.

Such a delay would have far-reaching consequences for the electricity industry in the U.K., as well as for Britain's expectations of substantial overseas earnings during the 1980s from nuclear fuel exports.

The company believes that this is the underlying reason why opponents of its plans have apparently withdrawn their objections to some aspects of the reconstruction—following the Royal Commission's recent report on nuclear power—and are now concentrating on persuading the Environment Secretary to hold a public inquiry.

Such an inquiry, a decision on which is thought to be imminent, would delay all aspects of the Windscale reconstruction.

The most serious impact of any prolonged delay would be on prospects for expanding the business in reprocessing spent nuclear fuel for customers overseas. With the arrival in Britain this week of 18 top reprocessing experts, BNFL believes it is in the final stages of negotiations—in partnership with the French—for a contract worth about £400m.

Britain has already been obliged to share this contract with the French as a consequence of U.K. Government hesitation at a late stage in a previous round of negotiations. As a result, although the Cabinet finally gave its approval to the company's activities earlier this year, the Japanese contract has had to be renegotiated from scratch, with the French meeting half of each Japanese utility's reprocessing requirements.

Pollution BNFL has now received a further endorsement of its plans for the Windscale factory from the Royal Commission on Environmental Pollution. Sir Brian Flower, who chaired the committee, said in his report that BNFL's plan to provide satisfactory facilities for the present application—that is, in the renovating of Maxco reprocessing facilities; development of the Harvest classification technique as a very important step towards the long-term disposal of radioactive wastes; the provision of export approval for the company's domestic programme; and the appropriate support site services.

These are the four basic features of BNFL's application for planning permission. But they are inseparable, the company says, in what envisages an integrated redevelopment of one of Britain's oldest nuclear factories.

Thus any delay could have repercussions for the domestic nuclear power programme, since an integral part of the reconstruction is a large expansion of storage capacity for spent nuclear fuel awaiting reprocessing. Shortage of storage capacity has already obliged the company to shut down one of its Sellafield reprocessing plants, the reactor itself as a store.

If Britain's commercial reactors—currently accounting for about 6 per cent of installed electrical capacity but about 11 per cent of electricity sent out—had to be used in this way, the net result would be an increase in electricity costs, since nuclear electricity is about one-third cheaper than that from coal.

The two-way time Cumbria County Council is expected to consider BNFL's proposal in light of the last week's public meeting and the advice of Prof. J. H. Freeman, a radiobiologist from the University of Birmingham called in as its independent adviser on environmental issues.

The company's case against a public inquiry rests on the fact that it is proposing to develop an existing site, using established processes, and is following pro-

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These are the four basic features of BNFL's application for planning permission. But they are inseparable, the company says, in what envisages an integrated redevelopment of one of Britain's oldest nuclear factories.

Thus any delay could have repercussions for the domestic nuclear power programme, since an integral part of the reconstruction is a large expansion of storage capacity for spent nuclear fuel awaiting reprocessing. Shortage of storage capacity has already obliged the company to shut down one of its Sellafield reprocessing plants, the reactor itself as a store.

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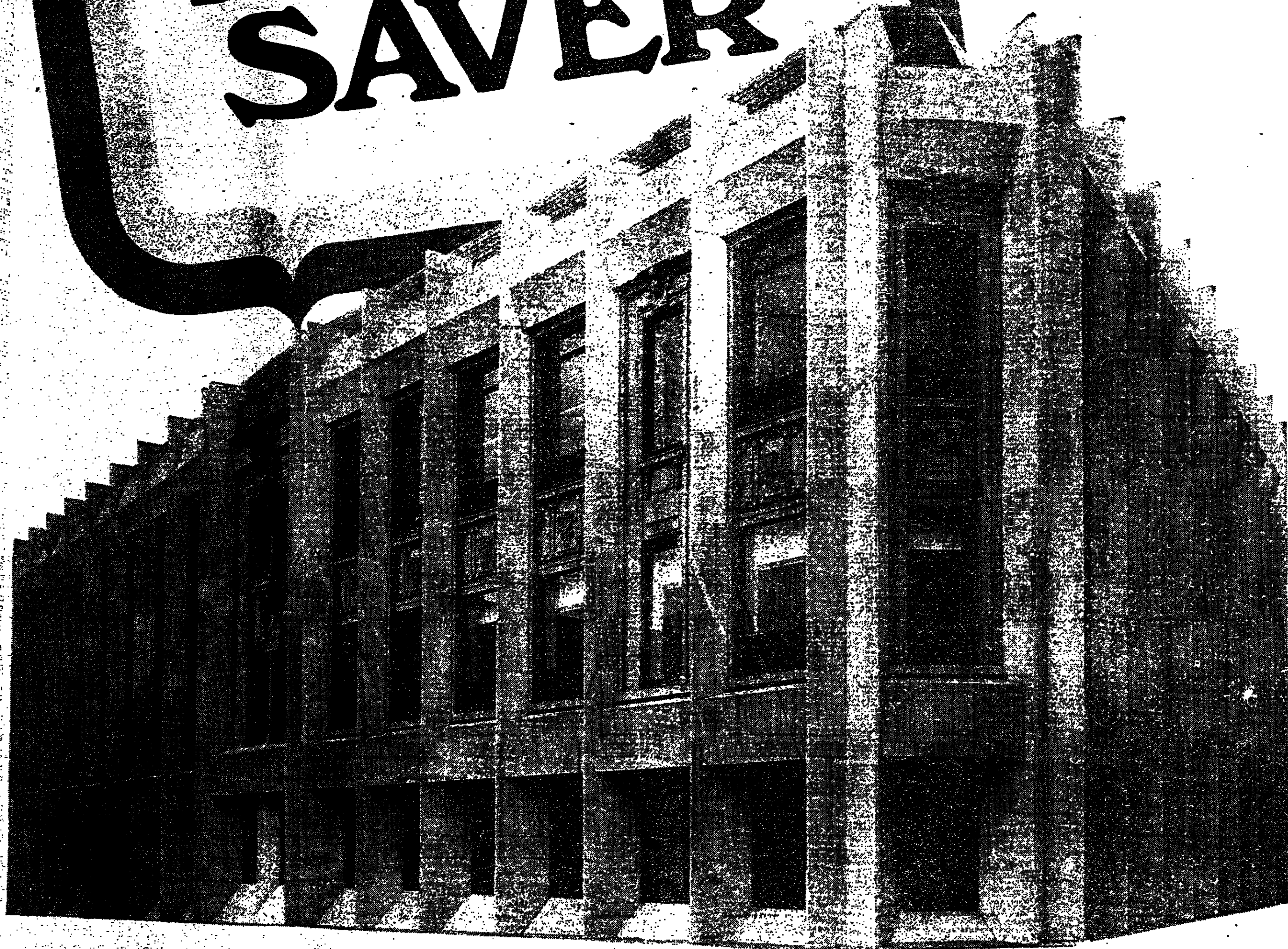
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MONEY SAVER



"Our new central library in Blackburn is a handsome and practical structure. Yet it cost far less than a totally new building of comparable quality on the same site. Quite an achievement in this day and age." Derek Crabtree, Borough Architect, Blackburn.

A major saving for the Council, and its ratepayers. Laing helped make it possible by modernisation. Working with Blackburn Corporation, Lancashire County Council and their design consultants, Building Design Partnership, the Laing team transformed the CVS Emporium into Blackburn's new library.

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LAINC

BUILDING TOMORROW, TODAY

Conservative Party Conference



Speed promises big effort to control council spending

BY JOHN HUNT

A PROMISE that a Conservative Government would eliminate waste and inefficiency in local authority administration to the tune of several hundred million pounds a year was given by Mr. Keith Speed, Opposition spokesman on local government, summing up a debate on local authority finance.

By a large majority, conference approved a resolution from Derby South rejecting the "expensive and unnecessary" local income-tax proposed by the Layfield Committee. The motion called for a system under which every adult resident within the boundary of a local authority should bear a share of its cost.

Mr. Speed said that the party was now looking at the possibility of replacing the present rating system by a method of taxation based on expenditure, and taxes which would cover non-householders, who were earning.

Since the present Labour Government took office, he said, local authority spending had almost doubled and the rates had increased on average by 270 in every £100.

"The fact is that increased expenditure of this order cannot continue and a serious effort must be made to bring local government spending under control," he said.

A Conservative Government would cut out duplication between authorities in areas like planning and consumer protection. It must also see that local government staffing levels reflected the minimum rather than the maximum load.

"We estimate that these changes alone would show savings in local government expenditure of several hundred million pounds a year and we shall introduce them," he pledged.

The Conservatives also favoured strict cash limits on local authority spending. "We need a clear indication of what authorities can spend in cash terms and within that, they should have much greater discretion to decide how to spend the money," he explained.

This would also entail a moratorium on new legislation of the type which would add to the burden of local government. It would particularly apply to the Bill which the Labour Government threatened to bring in to extend the work of direct labour departments.

A Conservative Administration would ensure that any additional duties imposed on local authorities would be accompanied by special grants to cover them.

The cash limits, he said, would mean that "where capital spending is involved, global limits should be agreed with individual authorities and they should be left to spend on capital programmes as they decide." The party rejected the Layfield proposal for a local income-tax.

"The Layfield plan would seem to envisage a growth in local government expenditure beyond the bounds of possibility and practicality," Mr. Speed observed.

Photographs by Ashley Ashwood

Conservatives also rejected the proposal to rate agricultural land. They wanted to help small businessmen by giving them a statutory right to pay their rates by instalment and allow them a substantial measure of relief where they lived at their place of business.

Proposing the Derby South motion, Mr. Michael Stern said he envisaged the present rating system being replaced by a flat rate tax. Every adult who was earning would be levied at about £50 a year to meet local authority costs.

"Such a scheme would be cheap, fair and certain," he said.

Opposing the motion, Mr. Peter Price, of Stockton, said the idea of a local income-tax should not be dismissed out of hand. The Conservatives should be prepared to consider such a scheme as a means of preserving the independence of local government.

Self-employed demand greater support

THE SELF-EMPLOYED are not "natural" Conservative voters and the Conservative party must commit itself to fight for the interests of the independent man, the National Federation of Self-Employed said yesterday.

The federation said that the self-employed were encouraged by aspects of "The Right

Approach," policy document but must be assured that their problems would feature strongly in a manifesto.

In the party's latest 25,000 word policy document, not many more than 250 words had been devoted to small firms and the self-employed, and these few words tell us very little more than we already knew.

Prior challenges unions on attitude to Tories

BY JOHN HUNT

A CHALLENGE in trade union leaders to state clearly whether they would work with an incoming Conservative Government was issued by Mr. James Prior, the shadow Employment Secretary, winding up the conference debate on employment.

He received a very chilly response from delegates when he said that a Tory administration would have no intention of banning the closed shop. "Why not?" demanded some hecklers.

Mr. Prior went on to commend the safeguards which a Tory Government would introduce—by legislation if necessary—to give additional protection to those employed in a company where a closed shop was introduced.

In an often rambling debate in which speakers frequently strayed far from the resolution under discussion, the main theme was the necessity for Tories to take a greater part in union affairs in order to defeat the militants.

Yet it was noticeable that the only real show of enthusiasm was reserved for Mrs. Jane Kirk, of Nottingham, who declared: "If what I have said sounds like union-bashing, then all I can say is that I have to bash them to get them to join the country. I will be the biggest bloody basher of the lot."

Mr. Prior asked the conference: "Are union leaders saying they will not work with an incoming Conservative Government? I challenge every union leader to say now that he will cooperate with a Government democratically elected."

Let them remember that such a Government will have been elected with the help of large numbers in their own members. I am confident they will give the right response. We must then respond with conciliation and understanding."

He added: "I make this pledge to you and to Tory trade unionists. We will do everything



MR. JAMES PRIOR
Confident of right response.

we can to widen union representation to see that the leadership is truly representative of the rank and file.

On the closed shop issue he declared: "Let me make this plain. The next Conservative Government will protect the right of the individual to work profitably and productively without fear of being dragged into a trade union contrary to the dictates of his conscience."

But there were cries of "Rubbish" when he went on: "Running the closed shop and making it illegal will not give that protection. Those who say we shall ban the closed shop are really saying we should sweep the problem under the carpet."

A Conservative Government would establish clear rights for individuals including:

The right of those already employed not to be forced into union membership by a subsequent change to their contract of employment.

The right to keep their jobs for those who feel that they can

Tories show their taste for harmony

BY PHILIP RAWSTORNE

A JUBILANT Conservative conference celebrated the end of the discord between Mr. Edward Heath and Mrs. Margaret Thatcher.

A handshake, a smile, a word of confidence—the party's former leader may have conducted no more than an overture. But the conference, attuned to an early general election, stood to applaud with relief and delight the prospect of renewed and concerted harmony.

"Nothing can stop us now," cried Mr. Edward Heath, of Richmond, giving voice to the overwhelming emotion of the conference.

An historic moment of unification, he called it, exciting a party union that muted some still vibrant memories of 1974 stirring a sudden change of mood that contrasted with the anxieties sounded earlier in the debate about the lack of Conservative appeal to the industrial voters.

Mr. Heath's arrival had been awaited with nervous anticipation. And the strain persisted throughout his brisk march to the centre of the stage and his exchange of greeting with Mrs. Thatcher.

The warm chorus of cheers relieved and Mr. William Waldegrave, his former political adviser, heralded the unity theme with a speech commending the party's policy statement.

Another ovation accompanied Mr. Heath as he took the rostrum to speak to the party conference for the first time since his election defeat.

But to speak first to the country. "We have come to the end of the present road," he

said. "The crunch so long awaited, is now upon us. Urgent and unpleasant action had to be taken."

"And I hope that this country will realise that once again I am telling them the truth." With that echo of past justification, Mr. Heath asserted: "The time has gone when we can blame other people outside, and it is time that we gave up blaming each other and got on with the job."

The Conservatives' task would not be easy or painless, he warned. But it had not flinched in the past and would not flinch in the future from difficult decisions in the national interest.

Gravely, he declared: "I have complete confidence that they will be taken by Margaret Thatcher and by her colleagues on the platform."

The party's policy statement—though he did not agree with every word—was in the mainstream of conservatism. "I do not find myself in major disagreement with it and so I find it is encouraging that we should be going along this road."

The country could surmount its economic, political, and moral crisis and re-establish itself. "These are the things which I have been fighting for, and for which I shall go on fighting."

The conference rose to him—Sir Keith Joseph and Mr. Angus Maude, the composers of the party's present policies noticeably slower than the rest.

A "notable speech," Sir Keith responded later, "with very enduring touches."

Walker argues need for wage restraint

FORMER TORY Minister Mr. Peter Walker yesterday warned the party that talk of public spending cuts would be meaningless without wage restraint.

He proposed an eight-point plan which, he said, the Tories should put to the unions to replace the "miserable public relation exercise called the social contract."

Mr. Walker told the Tory Reform Group in Brighton: "Any talk of cutting public spending will be meaningless without wage restraint and the public sector borrowing requirement will not be reduced unless wage restraint is introduced."

Without a period of wage restraint, inflation would soar, unemployment would rise and a new Tory Government would be destroyed.

In three years of Labour Government public sector wages and salaries would have increased by £12bn.

It means that by the end of this year every family of four in Britain will need to find £38 a week to pay the public sector salary and wage bill.

Mr. Walker described as "a disaster" an incomes policy that closed differentials "between

the skilled and unskilled, between the hard working and lazy." He wanted positive wage and tax policies and full employment.

On housing, Mr. Walker said he would soon be publishing his own plan for the transfer of virtually all council houses to tenants in a way which would reduce public spending by hundreds of millions pounds a year.

He urged "quick and effective progress" in giving a real sense of participation to those employed in British industry, and a positive programme to eliminate the appalling and deteriorating problems of inner cities.

Referring to the recent speech by Mr. Enoch Powell, he said that "constant expressions as to the damage the immigrant population are doing to our nation increase friction, encourage hostility towards our coloured citizens and increase our problems."

There must be a practical programme to harness the resources of our education system for the needs of commerce and industry, and a dynamic trade policy aimed at conquering world markets.

THE TORIES yesterday voted overwhelmingly in favour of direct elections to the European Assembly in 1978 after a debate in which young Conservatives demonstrated their enthusiastic support for speeding up such election arrangements by launching coloured balloons from the balconies.

Sir Peter Kirk, leader of the Conservative delegation to the European Assembly, drew cheers from the crowded hall when he expressed his belief that a European election in 1978 could be achieved.

There were further cheers when he assured the party's representatives that, on all the evidence, the Tories were further advanced in the Euro-election planning than other of the other main parties.

If the Government's legislative programme for such elections were put forward, as expected in the next session of Parliament, the Tories' preparatory work could be completed.

Sir Peter agreed with suggestions that there should be a common approach with other parties in Europe when the Euro-elections started up. But he rejected any idea that there

Police must have more pay, says Maude

BY JUSTIN LONG

THE NEED to expand the police force meant that it must have more pay and better conditions of service, Mr. Angus Maude, deputy party chairman, told conference.

Condemning the Government for cutting a "tax" over the present police pay dispute, Mr. Maude said: "It seems to me the police have a case at least as good as the seamen. They are in many ways a parallel case."

He left no doubt that he was on the side of the police in their

Link up



Mr. Heath pictured with Mrs. Margaret Thatcher and other senior Tories at yesterday's conference.

Heath declares his faith in Thatcher team

MR. EDWARD HEATH was cheered after he warned of the grim future facing Britain and said: "I hope the country will recognise that once again I am telling them the truth."

He told conference: "Britain has now come to the end of the present road. The rest of the world knows it. The rest of the world is very sorry. The rest of the world regrets it is unable to oblige any longer."

The crunch so long awaited, so often discussed, is now upon us."

Mr. Heath said that the Chancellor of the Exchequer (Mr. Healey) had called for the "few remaining dollars" Britain could obtain from the International Monetary Fund "is short, very short indeed."

Action had to be taken. It was urgent, he was going to be very unpleasant.

Mr. Heath warned that the rapid slide in the pound—unless it was dealt with—was ultimately just as catastrophic as a collapse. This was particularly so for exports, a great trading nation depending almost entirely on imports for raw materials and 50 per cent of its food supplies.

When the currency slides and there is a catastrophe, you ask where are your raw materials and food coming from. This is a matter of a very short time.

Mr. Heath paid a warm tribute to the action of trade unionists in restraining their wage demands over the past year.

"Trade union leaders should take the credit for what they have done in income restraint. They are now seeing their task as to maintain the living standards of their members and a large section of the British people."

"To them I would say they now have to face another factor: the present living standards of the British people are only sustained by borrowing overseas."

"When that borrowing is no longer available the present standards of the British people cannot be sustained. It is of the utmost importance that they themselves recognise it and make as clear as they can to their membership that the real problem is about sustaining the living standards they require."

The measures required to deal with the situation were unpleasant. "The rest of the world will be taken by Margaret Thatcher and her colleagues on the platform."

It was important that the Conservative party had confidence itself to deal with the situation.

On the Tory policy document, The Right Approach, Mr. Heath declared: "You would not want me to say I agree with word or sentence of it. It is there as a continued device to be taken to reduce the Budget deficit. Very stringent measures would be required which would affect everybody. 'If you cut it, you cut it all'."

The crisis was more than an economic one. "This crisis is for Britain a political, social, and moral crisis."

"We as a country are asked to have to get up and go to work. No matter how great the crisis, Britain can still produce. The energy is there. The ingenuity is there. The inventiveness is there."

IN A FIGHTING anti-Government speech, Sir Keith Joseph explained that he did not write the latest policy tract, The Right Approach, but told delegates: "Strategy matters, policy matters. An idea can best be defeated by a better idea. We have a vision, we have an idea."

To cheer, Sir Keith said that the current huge increase in Government power had only whetted the appetite of the Left.

"We cannot any longer on half way to meet Socialist purposes. There can be no compromise for us. Socialist purposes do not correspond one jot with the wishes of the people."

"What is going to rescue this country? Is enterprise and industry."

Sir Keith said that the dynamism of the nation was being stifled under the growing controls and discouragement of an anti-enterprise Government.

The results are already apparent and will grow. Socialism will mean more and more mean slum and slump and sump."

He added: "To reverse the rot, we need to convince the voters that what is wrong and carry their agreement to what we intend to do. Without such a mandate, we shall find it harder to meet the bitter and unpopulated opposition we must expect."

Socialism may have been covered with fine intentions, he said. "But it has become an engine of tyranny, impoverishment and unemployment."

"We have to put our vision with a passion equal to that of the Socialists because otherwise Socialism will triumph."

Sir Keith said that the Tory policy strategy of working based on "common sense and the common ground."

Mrs. Marjorie Austen, Hants, warned the party that it faced a major task in restoring the confidence of the people in the industrial areas.

"It is in those areas that the Conservative alternatives to the present disasters and disasters policies are not getting through. I believe that we have not yet succeeded in throwing off the trauma of those two defeats in 1974."

She said: "We have to translate our Conservative philosophy into practical policies related to the everyday lives and the hopes and aspirations of the mass of the people."

Mr. Evelyn Gummer, Ipswich, five candidate for Epsom constituency, said: "We have established that we are the only alternative. The next thing we have to do is

does not believe we have shown the will or wisdom as a nation to deal with our problems to give them the confidence which will enable them to go on holding their own with the world situation."

The policies to be pursued would be hard. "A very large number, many innocent people who have no direct or indirect responsibility for this state of affairs, will suffer harshly."

Drastic decisions would have to be taken to reduce the Budget deficit. Very stringent measures would be required which would affect everybody. "If you cut it, you cut it all."

Government spending in that way, a large number of people are going to see their aspirations thwarted for the time being."

There were loud cheers when Mr. Heath said the Conservative Party had never flinched from taking difficult decisions when they were required.

We should not flinch from taking difficult decisions which are in the national interest. I have complete confidence they will be taken by Margaret Thatcher and her colleagues on the platform."

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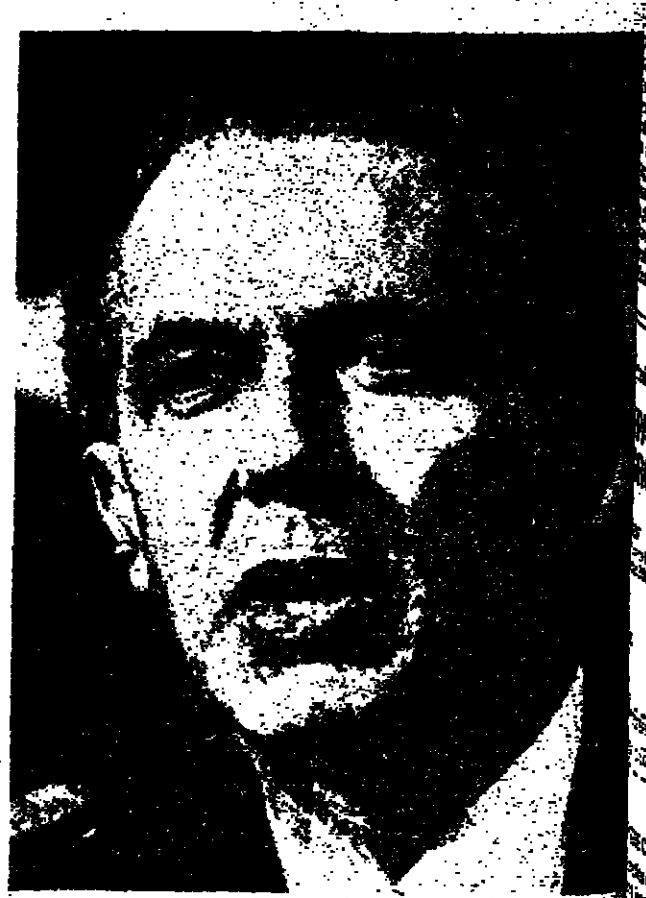
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Sir Keith: We need to convince the voters



Sir Keith Joseph claimed Socialism had become an engine of tyranny.

to dramatise the deficiency of Labour.

Popular support had to be rallied to the Tory party and its policies for giving power back to ordinary people.

Mrs. Patricia Steel, of the Conservative Graduates' Association, said that until the publication last weekend of the policy statement, the party had been foundering. "Ever since October 1974, the leadership has given us no policies and on the door-step, the views that we have had to expound are those of our seven. It has been a great embarrassment to all of us."

It is my earnest plea that the next Conservative Government will stick to the principles now expounding and not let so by the way as many of the principles were by the way last time round."

Dr. E. Cottrell of Hants, said that although thousands of Labour voters knew that Labour had failed, they did not turn to the Conservatives. "Not because we do not or have never had, the policies in a way with the people can identify."

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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

SECURITY

Assessing the cost of privacy

POTENTIALLY, the impending Government legislation on the protection of personal data held in computer files could mean high costs for the many computer users who maintain such data. Depending on the degree of confidentiality demanded, it is possible to foresee the imposition of new requirements making access to stored information much more tightly restricted than hitherto, with a consequent need for data scrambling, personalised terminals and the rest, together with considerable alterations in the way computer centres are run.

Work on safeguarding data has been undertaken largely hitherto to prevent computerised fraud, which in the U.S. and elsewhere has been gaining ground in startling ways. Many of the safeguards apply equally to protecting confidential files.

Some idea of what costs are involved can be gained from the fact that two years ago IBM estimated that the cost of privacy would be about £140m. for research and development in this particular area of information handling.

Apart from publishing a large collection of volumes on security studies, IBM has said comparatively little. This is understandable, however, when it is accepted that for the company measures it was taking to foil fraud would give fraudulent experts that much more time to work out new means to defeat these measures.

National Computing Centre has published a 165-page volume devoted to the question of security, couched mainly in non-technical terms and thus available to management at large. Most managers will at some time be involved, closely or indirectly, with security problems and because of the rapid spread of data processing, with computers.

Because there is so much meters under which the search is to be made, and the details to be printed. These details can be mixed with such other text as names and addresses in letters.

Adler's Business Computers, 140 Borough Street, London, S.E.1. (01 407 3161).

OFFICE EQUIPMENT
Processor justifies right
FIVE EXTRA capabilities have been added to Adler's TASA 8905 typing system. One is the ability to set secondary or indented right-hand margins with justified text during final printing, is thought to be unique.

In the improved machines, right-hand justification of copy during final printout is automatic for the entire document. This, with the capability for setting "soft" or indented left and right margins at any point within a page enables text to be presented exactly as an author requires.

Incorporation of vertical tabs will also allow a printer to line space automatically at specific page positions, irrespective of the amount of text printed. This is particularly useful for typing forms when accurate positioning is necessary and when preceding text is of variable length.

Text may be recorded immediately as "final or top" copy with headings centred, figure columns aligned, and text underlined, along with all other formal instructions, including hyphenation of words, as it is typed. At the same time as the perfect top copy is obtained, all programme codes are recorded for any subsequently necessary editing.

Final innovation is a "category search" routine with facility to seek and to print detailed information which has been stored on tape under various categories. A search command lists the para-

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HANDLING
Costs are too high
ACCORDING to a report published yesterday by the Department of Industry, far too many manufacturing firms have no clear idea of what it is costing them to handle and move materials about their plants.

The report, called "Materials Handling Costs—A New Look at the first systematic investigation into the subject in the U.K. Some 30 firms supplied data on their operations and costs; half of them have less than 400 employees.

Main conclusion is that in the engineering and allied industries alone some £90m. a year could be saved by improvements in storage and materials handling.

It was also found that handling is costing companies more than its executive thought, the most important single cause being the "ad hoc" expansion of a business in the absence of a strategic site development plan. This contrasts with monitoring of the stock itself, usually considered important and where there was a much higher awareness level.

The report admits however that the right cost level is usually only achieved through

debate on the personal privacy question, both in Britain and the U.S. and because the Government is moving quite rapidly towards legislation, the Computing Services Association, many of whose members have long experience of security—especially when running systems shared between several hundred users, is calling together a one-day seminar to provide users with as much fact as is available.

It will provide a platform for five authorities on Government proposals and the obligations these will place on the thousands of companies and agencies which maintain some form of computerised personal data filing. Seminar chairman is Mr. Paul Sieghart of Sieghart Carmichael and Partners, member of the Home Office's Data Protection Committee which is advising on the drafting of the Bill to go down Parliament and one of the co-authors of the White Paper—Computers and Privacy.

careful design from the outset, simply because once a system is operational, changes involve cost and disruption. But it was felt that in 30 per cent. of the companies observed a useful reduction would be possible.

At the median, it turned out that handling storage costs were 12 per cent. of the physical costs of production—a figure that will probably surprise most small manufacturers.

Main object of the report, which is 60 pages long and costs £2.10 from HMSO, is to lead the reader with the background from the 30 companies—to the point where he can carry out both a method audit and a cost audit of his materials handling operations, so that he can then hope to initiate improvements.

PROCESSES
Saves rinse water
ELECTROPLATING rinse water can be saved by a rinse tank control introduced by Beckman-RUC, 3, Hunting Gate, Hitchin, Herts. SG4 0TS (0462 58671). It is claimed to produce water savings of up to 85 per cent.

Called the RTCS-2 system it controls the solid content of electroplating rinses by automatically turning the make-up water on and off as needed, it is claimed that the controller can reduce sewage charges and waste treatment cost, increase plating quality and extend plating bath life. It is operated by an epoxy-conductivity cell with built-in temperature compensation and a normally closed solenoid valve.

The network will also include precipitation equipment and acoustic radar to predict and calculate thermal inversions.

Pye Unicam, York Street, Cambridge. 0223 58866.

POLLUTION
Sao Paulo's doom-watch
PHILIPS has been awarded a unique contract to supply a completely automatic, multi-parameter air monitoring network for the Sao Paulo area of Brazil. This area covers several hundred square kilometres and is populated by about 12m. people.

The air-pollution monitoring network will have 27 permanent monitoring stations spread over the whole Sao Paulo area, and linked to a central data concentrator by digital transmission of pollution data over leased public-telephone lines.

A separate sub-contract provides for installation of two mobile monitoring stations which can be moved to random, pre-selected sites so as to rapidly determine local pollution conditions, or to serve as back-up units for the permanently installed stations. These mobile stations will be supplied within the next few months.

Main pollution parameters to be monitored include sulphur dioxide, nitrogen oxides, ozone, carbon monoxide, hydrocarbons and dusts. The four main meteorological parameters—wind speed, wind direction, relative humidity, temperature—will also be measured. Apart from recording all data at the central control, local recording facilities will also be included.

Called Plastaglass, it is made from gypsum plaster reinforced with glass fibre, and has been primarily designed for forming upstands, soffits and margins in association with acoustic tiles and suspended ceilings.

Available in standard boards, 1800 x 900mm, in two thicknesses, 9.5 and 12.5mm, it weighs 10.114 kg/square metre, and can be worked with normal hand tools.

Temperature-resistance related

COMPUTING

European allies sought

CTL has signed a major agreement with a West German computing and software specialist and is seeking other partners in Europe.

The agreement between CTL and Information Computer Systems (ICS) provides for co-operation in the marketing in Germany, of CTL's recently announced Series 8000 computers. ICS is based in Karlsruhe and is headed up by Werner Preisner, formerly of ICL Germany, where he was responsible for sales in the public market sector.

Initially ICS plans to market CTL's Series 8000 computer systems for commercial applications, although early success in the public sector are expected. CTL on 0442 3372.

Designs to aid many users

THREE NEW Series 60 Level 66 computers optimised for time-sharing performance are introduced by Honeywell following the launch of a new entry-level system in the large-scale Series 60 Level 66 line, the Model 66/05.

Part of a planned series of big-computer enhancements, the new time-sharing equipment, designated Models 66/07, 66/17 and 66/27, will use the GCOS time-sharing software, but support large numbers of simultaneous time-sharing users. The biggest will support 100 or more average users simultaneously.

A basic model 66/07 with 131K words of main memory and a Datatrac 6624 front end network processor to support 24 asynchronous communications lines will sell at around £490,000. Purchase price of the Model 66/17 with 131K main memory and the same Datatrac accommodating 48 lines is £690,000. Model 66/27 with 256K main memory and a Datatrac 6632 supporting 30 or more communications lines will sell at £930,000.

Deliveries in the U.K. will begin in early 1977.

MATERIALS

Glass fibre board to resist fire

NON-COMBUSTIBLE building board, containing no asbestos, and stated to be suitable for applications where fire-resistant qualities are required, has been developed by Echoston Systems, Rectory Grove, London S.W.4 (01-622 6653), a Clark and Fenn subsidiary.

Called Plastaglass, it is made from gypsum plaster reinforced with glass fibre, and has been primarily designed for forming upstands, soffits and margins in association with acoustic tiles and suspended ceilings.

Available in standard boards, 1800 x 900mm, in two thicknesses, 9.5 and 12.5mm, it weighs 10.114 kg/square metre, and can be worked with normal hand tools.

Temperature-resistance related

Thermal conductivity is low (K=0.47 at 20 deg.C), and resistance to flame penetration is stated to be at least 60 minutes. The maker says the board meets the appropriate BS specifications, and can be used for smoke and plenum barriers, fire checks in ceiling voids, and column casing for structural steelwork. Two other asbestos-free board materials for use in the construction of industrial ovens and dryers for thermal insulation of heated hydraulic presses, and capable of handling molten metals up to the melting point of aluminium and its alloys (750 deg.C), have been launched by Cape Boards and Panels, Iver Lane, Uxbridge, Middlesex UB8 2TQ (Uxbridge 37111).

Monolith 40 can be used for oven construction where only a light steel framework is required to which the boards are fixed. Monolith 50 is a lighter alternative to castable refractories and can be used for self-supporting laundries and troughs. Both can be used as a replacement for asbestos-based boards and have comparable thermal and mechanical qualities, says the company.

Board sizes up to 3050 x 1220mm, in thicknesses from 10 to 50mm are available, together with high temperature adhesives, enabling the boards to be bonded into machineable blocks, for large components. The board is based on a calcium silicate matrix reinforced with selected fibres and fillers.

COMPONENTS
General purpose counter
OFFERING A good range of facilities between DC and 100 MHz is the TC32 general purpose frequency counter introduced by Gould Advance, Rood Road, Hainault, Essex. IG8 3UE (01-500 1000).

The instrument incorporates a Sperry-Beckman seven-segment display, easily readable over a wide viewing angle, with functions and controls carefully grouped on an ergonomically designed front panel.

Six- or eight-digit displays are offered which indicate the frequency units applicable, the decimal point is automatically positioned. Gate open and over-flow indication is provided by front panel LEDs.

Other facilities include variable display time, a choice of stop or follow mode and an optional binary coded decimal output input attenuators and filters are provided.

The instrument, which has a 10MHz internal crystal standard with an accuracy of one part in 1m, measures 110 x 375 x 290 mm, and weighs 8.5 kg. It can be supplied for 19-inch rack mounting.

Measures the heat transmitted
PUT ON the market by Glorius Meters of Dorking is an instrument which electronically integrates flow of water with difference in temperature between flow and return circuits to give a reading of heat transferred on a counter.

Temperature-resistance related

paired probes, protected by stainless steel pockets, transmit the required information to the wall or panel mounted.

In addition to the read-out of heat (in BTU or international units) and the flow (on a similar counter), the instrument also provides a continuous temperature differential reading together with instantaneous indication of flow and return temperature. Automatic compensation for water density maintains accuracy over a wide range of temperature.

An important feature is that maintenance can be undertaken without disturbing the continuity of the flow meter internal mechanism. More details from P.O. Box 3, 26 High Street, Dorking, Surrey RH4 0Q (0306 58988).

ELECTRONICS
Low-power printer
NEW TICKET printer mechanism by Roxburgh Electronics is a miniature unit for OEM applications such as in cash registers, vending machines, etc.

It has been designed to use sprocket-feed, 1- or 2-ply pressure sensitive paper, and contains no inkling mechanism. Additionally, the inherent accuracy of the sprocket-type paper feed means that paper can be pre-printed with borders, logos, etc., without danger of misalignment.

The BX-IV prints in a format of 14 columns with 13 characters per column and offers a print speed of 150 lines per minute. Although it has been designed for mounting horizontally in the end equipment for the advantage of having the first printout at the top of the page, it functions equally well in any other plane.

An important feature of the BX-IV is its extremely low power consumption. The unit requires a d.c. power supply of only 10V, and incorporates an electronic motor speed control circuit, which ensures that variations of up to 20 per cent. in the power supply voltage have no effect on the performance of the printer.

Roxburgh Electronics, 22 Winchester Road, Rye, Sussex. Rye 3777.

CONFERENCES
Perspective on tungsten arc units
DEVELOPMENTS in the technology and application of tungsten/inert gas (TIG) and of plasma welding processes are the subject of a seminar to be held at the Exhibition Road, London, offices of the Welding Institute on November 30.

These related processes—in TIG an arc is struck between a tungsten electrode and the workpiece, while in plasma the arc is

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retained in the torch body and welding is carried out using the resulting high temperature ionised gas stream—used for precision welding, with both manual and mechanised equipment.

Both are used for metals and alloys difficult to join by other methods; for example, stainless steel.

Recent developments in process equipment, power sources, and mechanised handling equipment, as well as factory and site experience will be discussed by speakers from industry and research.

Details from the organiser, the Welding Institute, Abington Hall, Abington, Cambridge CB1 6AL (0223 891162).

WELDING
Simplified Swedish welder
LATEST MIG welding set from AGA, of Sweden, is the 300, which gives automatic slope control of the power source characteristic and is designed for short arc as well as spray arc for mild steel, stainless steel and aluminium.

The maker says the unit links voltage, inductance and slope automatically, so that the ideal welding condition is always selected. The operator need only select suitable voltage and current and the power source automatically compensates for the rest.

Current range is from 50 to 300 A and the wire feed is steplessly variable up to 20 metres/minute with motor control. Wire feed remains constant during welding as motor voltage drop and mechanical load are both compensated. The wire feed can be mounted on top of the power source or suspended above the work area.

Options include root welding and water-cooling units, a holding switch, current and voltage meters and extension cables. Details from AGA Welding, Hordern Close, West Dravton, Middlesex (West Dravton 4771).

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How to reach the financial centre of the World.

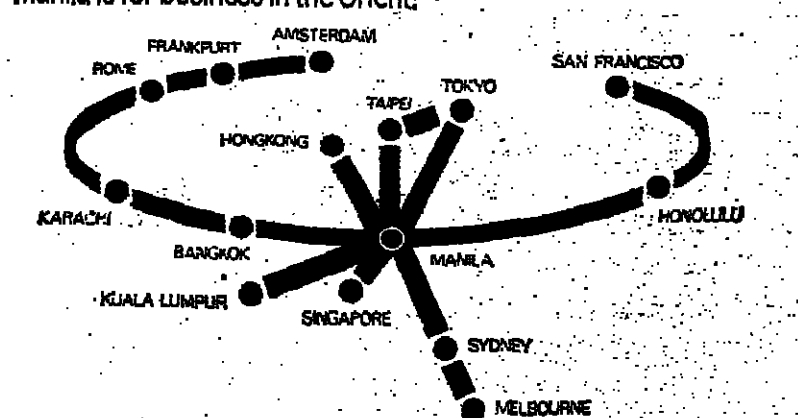
This year's meeting of the International Monetary Fund is currently being held in the Philippines. So for this week, at least, Manila can claim to be the financial centre of the World.

But even when the bankers have departed there'll still be plenty of business activity in Manila. For the Philippines is one of the fastest growing economies in the Far East.

Some time soon you may be making a business trip to the Philippines. Choose Philippine Airlines. We can fly you to Manila—on Tuesdays and Saturdays. Convenient connections from London and the Provinces will link you with our DC10 Flights from Amsterdam to the Far East.

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A look at the map will show you just how well placed Manila is for business in the Orient.



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Philippine Airlines
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Master of arms • Local government • Furniture

BY MICHAEL DIXON

IF YOU fancied a new suit of only one still kept in buildings where the historic arms once men could make you one by traditional methods, hammering out the pieces from flat billets of metal. But it would cost at least £8,000, he reckons, even without any decoration.

The two craftsmen armours, probably the only ones in the country, are part of Mr. Duffy's staff at the Tower of London, where he lives and works as a master of the armours. At the end of the year he will retire, and the Department of the Environment is looking for his replacement.

When he started the job in 1963, it was part-time and rewarded only by honorarium. By 1972, however, the importance of the post and its small subordinate staff to the nation and the three million people who visit the Tower annually was recognised, and the job was made full-time with the entitlement to rent a home in the Tower and a proper salary, now of £10,260 a year.

The vast collection of weapons and armour in the master's charge—lots of specimens are continually on loan elsewhere—ranks about third equal in importance in the world. Those in Vienna and Madrid are considered superior, and Paris's is a close rival. But, says Richard Duffy, his is the

first part, dealing with cannon, should be out by Christmas.

Meanwhile, the collection needs maintaining which is apparently like painting the Forth Bridge, especially since the leather straps that hold the bits of armour together are continually rotting. And the work of changing the display from "typological"—with rows and rows of helmets in one place and rows and rows of something else in another—to chronological order will still be only five-sixths finished when Mr. Duffy leaves.

Whoever replaces him will need expert knowledge within the field of the collection, he says, even though there are assistant keepers specialising respectively in armour, firearms, and bladed weapons. Administrative skill is another need, preferably gained in work of the museum type. Tact and a professional approach, he adds, are far more important than showmanship, though the master requires a sense of what appeals to the visitor. "For example, I'm not altogether fond of them myself, but torture and punishment instruments are always very popular with the public."

Readers whose aspirations for this prize job are backed up by suitable achievements should inquire, quoting G/9390/2, to

the Civil Service Commission, Alencon Link, Basingstoke, Hants, RG21 1JB—telephone 237 m. revenue budget and a Basingstoke 68551. Applications to be submitted by October 22.

Four new directors

THE IDEA of managing a local authority as a corporate whole, rather than as a number of self-interested departments pursuing their own ambitions, has been abroad for a good while. It seems a good idea.

But many an authority which has tried to reshape its top tier of officials according to the theory of corporate management has nevertheless ended up with the same old inter-departmental wrangling, except that the different departments' leaders are called directors, instead of chief officers.

A strong wish to avoid the trap of a purely nominal change underlies preparations now being made by the Royal Borough of Kingston-Upon-Thames to appoint only four directors each at a salary of about £11,000. In its reorganised management structure, each of them will report to John Bishop, chief executive of this outer London borough, and with him will make up pro-

fessional corporate management team in overall charge of a show records of senior-level council is seeking his success in managing organisations and their people and in making the corporate planning approach work. His address is the Guildhall, Kingston Upon Thames, Surrey.

Two of these jobs will most probably be filled by people already in local authority service. They are respectively the directors of educational services, and of personal services covering social work, housing and environmental health. But since prime importance is being placed on professional management ability, outsiders could have a fair chance even of these jobs provided they had gained experience of the specialist concerns, perhaps by serving as elected members of a local council.

The same applies, only a bit more so, to the directorship of technical services, covering the borough engineering section, the planning department and the architect's branch.

But the post most likely to be filled from outside is apparently the directorship of finance and administration.

Now I believe that in giving office of this quartet of openings, the Jobs Column is running ahead of the borough's official arrangements for recruiting. But I also believe that Mr. Bishop would be pleased to receive written

inquiries from interested seven years ago, is now being head of marketing and sales to lead five salesmen and about three internal staff. Nu-line could double turnover with existing capacity in its Burnley factory, which was re-equipped two years ago by the City-based parent group—Blythe, Greene, Jourdain. But the managing director wants to push sales beyond this towards £3m, within the next two to three years.

Non-stop planning

THE INNER-London borough of Islington also claims to have left behind the days when, to quote Norman Hinton, its director of personnel and management services, "the committee chairman with the loudest voice got the biggest slice of the cake." Nowadays

the plans of the four main types of activity—housing, social services, recreation, and public services such as refuse collection—are continually reviewed, budgeted, and ranked in order of priority for corporate decision by the council policy committee.

Central in this process are Islington's plan-programme-budgeting system and the job of programme planning officer, with a salary scale of £9,636 to £10,410.

Philip Aldis, who has developed the job since his arrival

in 1969, says: "I want someone who can see to the market planning, then organise a promotional leaflet, then pop out and get big orders from a couple of our major customers." Mr. Selman says.

Failing the ideal, he would prefer candidates' strength to be in selling, coupled with a graduate-standard intellect. Age range quoted is 28-40.

The salary is not specified, but my estimate would be earnings of £8,000 to £9,000, plus car. Directorship is possible. Office within easy distance of pleasant areas of either Lancashire or Yorkshire. Applications to Mr. Selman at Frosthorne Mill, Burnley Road, Todmorden, Lancs. Tel. Todmorden

2561 or 4091.

With a turnover now of about £750,000, Mr. Selman wants a

Marketing head sought

MAX SELMAN was headhunted earlier this year to become managing director of the Nu-Line kitchen-furniture side of the Alan Cooper company, which was growing too quickly to be managed any longer all of a piece with the office-furniture side.

GENERAL APPOINTMENTS

Finance For Industry

wish to recruit a

CHIEF INDUSTRIAL ADVISER

to join the staff of INDUSTRIAL AND COMMERCIAL FINANCE CORPORATION - ICFC - which is its subsidiary dealing with the financing of small and medium-sized companies in Britain.

Industrial Advisers contribute to investment decisions by appraising and reporting on the operations of companies seeking finance.

He or she will have

- appropriate professional qualifications
- at least 15 years' industrial experience, which must include profit responsibility; some consultancy experience would be an advantage
- a wide knowledge of British industry

He or she will

- be able to manage a small but skilled and experienced staff
- have the judgement and knowledge necessary to gain the respect of colleagues and superiors
- be able to contribute personally at high level to the making of critical investment decisions
- succeed his or her immediate superior as soon as ability to do so has been demonstrated

The location will initially be in London, but will move within a year to the Birmingham area.

The person required will certainly already be earning a five-figure salary. Benefits include a car, life assurance and other fringe benefits.

Full details of qualifications, relevant experience and career information to:

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Production Director

To be responsible for the efficient operation of a modern rope and twine manufacturing plant employing over 300. He or she will be expected to improve plant utilisation, manpower productivity and materials management.

Age is 35/45 and whilst a degree in chemical engineering or production would be advantageous, knowledge of polypropylene extrusion is highly desirable. The job involves the definition of methods and equipment to achieve the most economic production consistent with volume and quality requirements, the establishment and maintenance of measured standards and responsibility for the preparation of capital budgets.

The person appointed will have at least ten years' industrial experience which must include practical experience of work and method study and the planning of machine utilisation, selection and specification.

Promotion prospects within the Group are excellent for a person who combines chemical or engineering experience with management skills. Salary will be negotiable and normal fringe benefits accompany the appointment.

The production plant is situated in a pleasant rural district about ten miles from Belfast.

Please write in confidence to:-

Mr. C. S. Orr,
McCleery L'Amie Group Limited,
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Newtownbreda,
BELFAST BT8 4DD.

McCleery L'Amie Group

Appointment of Chief Executive

The Water Authority, which is the second largest in England and Wales, invites applications from suitably qualified persons for the appointment of Chief Executive to succeed Mr. J. E. Beddoe, C.B. who retires on the 31st May 1977.

Its responsibilities include water conservation and supply, sewerage and sewage disposal, river management, land drainage, water recreation and fisheries within a region comprising the catchments of the Rivers Severn and Trent, having an area of 8500 square miles and a population of some 8½ million, the greater part of which is centred on the east and west Midlands conurbations. It has 10,700 employees and current annual budgets of £130 million (revenue) and £100 million (capital).

At Headquarters in Birmingham, four directorates cover operations, finance, scientific services and administration with outposted staff engaged on special projects and control functions. The region is managed through three multi-purpose divisions based on the catchment of the River Severn and five on that of the River Trent, each of which controls the various aspects of water management in its area.

The person appointed will be the Authority's Chief Officer and Principal Adviser on policy. Candidates should have a proven record of achievement in a large scale organisation. The salary for the post will be in keeping with its demands and responsibilities.

It is possible that the successful applicant may be offered a contract for a term of years.

Application forms, returnable by 1st November 1976 are available with further details from the Chairman's Office, Severn Trent Water Authority, Abelson House, 229 Coventry Road, Sheldon, Birmingham B26 3PU.

STOCKBROKING

Institutional Salesman Australia

The London Branch of an Australian Broking House is expanding its international operations and is seeking the services of a top institutional adviser.

Previous experience in the Securities industry is essential and a knowledge of Australian Equities an obvious advantage. The successful applicant will also have a good working knowledge of the local European investment scene.

A commensurate salary of about

£10,000 per annum

may be taken as a guide. Other attractive fringe benefits will be offered and the salary will be regularly reviewed.

Replies should be directed to Messrs. Bull and Bull, Solicitors, 11 Stone Buildings, Lincoln's Inn, London, WC2 and will be treated as strictly confidential.

Chemicals Trading-Europe

A major international group is establishing a chemicals trading organisation in Europe, and is seeking an experienced executive to build and direct this new venture. The prime requirement is a wide knowledge of Western and Eastern European markets, with an emphasis on petrochemicals, plastic resins and fertilisers. The person appointed will have experience in a large company followed by a period of successful trading, and will be familiar with import/export regulations and government trading arrangements. Fluency in two or more European

languages, including English, is necessary. Initial salary will not be less than the equivalent of US \$40,000 plus appropriate allowances.

Location: Brussels.

(PA Personnel Services Ref: GM3/5755 FT)
The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

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Hyde Park House, 60a Knightsbridge, London SW7X 7LE. Tel: 01-235 6060 Telex: 27874



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Chief Executive

up to £20,000.

An exceptional opportunity has arisen for an experienced chief executive to direct W. S. Cowell Ltd., a major subsidiary of Gramplan Holdings Ltd. Cowells, an established printing and publishing business based in East Anglia, has recently been restructured and is concentrating on the development of specific market sectors. The new Chief Executive will be responsible to the holding company. He or she will give positive leadership to a high level management team in achieving a high level of business performance and will develop and implement an aggressive strategic plan for the company.

This position requires someone of high calibre and a proven track record whose business experience may not be limited to the printing industry. Preferred age range is 35 to 50.

(PA Personnel Services Ref: GM3/45735 FT)

The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

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We are seeking for our Investment Banking Department:

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Salary will be offered commensurate with experience and fringe benefits will be those normally associated with a first-class banking institution in London.

Applicants, male or female, may write in complete confidence, giving full details, to Mr. David E. Nye, Assistant Director & Secretary, London Multinational Bank Limited, 1 Union Court, Old Broad Street, London, EC2N 1EA.

GENERAL APPOINTMENTS

Managing Director

£15,000+

Hestair is a rapidly expanding British Public Company which has three main business activities - commercial and specialist vehicles, agricultural engineering and consumer products.

The Group has developed by acquisition and organic growth from a turnover of £2 million in 1970 to over £50 million in the current year and has just announced his eleventh successive half-year profit record.

Despite this achievement, the Board believes that the last five years have been foundation building for a more exciting decade ahead.

We prefer to promote from within but exceptional circumstances will shortly create a vacancy for a Managing Director in one of our engineering companies.

The Company's products are marketed on a world-wide basis and have, in our view, quite exceptional growth prospects.

The successful candidate will work in an invigorating Group climate and enjoy a high degree of autonomy to achieve agreed budgets. Promotion to the top of the Group is dependent upon ability and performance only.

Hestair Limited

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 - Direct knowledge of export selling and marketing.
 - Sound knowledge of production and financial control procedures.

Applicants should be tough minded, analytically inclined, impatient for results but mature in understanding human nature. They will want to play their part in reversing this country's economic slide and make this company a name for efficient management and controlled growth.

The rewards, apart from salary and profit bonus, include a suitable car and an excellent pension, life and accident insurance scheme.

In the first instance, please write or telephone:-

David Hargreaves, Chairman,
Hestair Limited, 10 Castle Hill, Windsor,
Berks, SL4 1PD. Windsor 54945.

INTERNATIONAL BANKING OPPORTUNITIES

1—ASSISTANT TO THE MANAGER, COMMERCIAL LENDING DEPARTMENT

The candidate will be involved in international lending (direct financing) and loan syndication and administration. Candidates should be in their twenties with an overall practical experience gained in banking, especially on the commercial lending side and should be fluent in German (mother tongue would be an advantage) and English. Knowledge of French would be valuable.

2—SECRETARY TO THE MANAGING DIRECTOR

The successful candidate should be acquainted with all kinds of secretarial works. An excellent knowledge of German, French and English, including shorthand, is essential. German mother tongue would be an asset.

For both appointments, Luxembourg based, attractive salaries are offered. Interviews in London can be arranged. Interested parties are requested to submit their resumes indicating salary requirements to:

**THE MANAGING DIRECTOR
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18, AVENUE MARIE-THERESE
LUXEMBOURG**

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City of London
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up to £8,000



One of the largest international firms of chartered accountants aims to make two senior personnel management appointments at its London office in the City.

SENIOR PERSONNEL MANAGER to be responsible for the staff function in the London office which employs over 1,000 people. Assisted by a small team of personnel specialists, he/she will be responsible for recruitment, development and deployment of all professional and administrative staff including a substantial graduate intake. The firm believes that its future is bound up with the quality, training and development of its staff and that this is a key position. We are looking for a graduate/PM qualified personnel manager, preferably 35-40, with experience in senior management, administration, manpower planning, recruitment and development of intellectually able and competitive young people. Although experience in an accountancy firm would be useful, this is not as important as the ability to relate in a positive fashion to all levels in the firm. Salary up to £10,000. Ref. 398C.

PERSONNEL MANAGER to be responsible for the selection and attraction of over 100 high calibre graduates per annum to the London office and for ensuring that they are encouraged by attractive career development opportunities during their first few years with the firm. We are looking for a graduate, preferably 30-35, with formal training and experience in graduate recruitment. A knowledge of accountancy would be useful but is not essential. Administrative skills, together with the ability to assess and develop personal potential in intelligent people, are important. A strong presentable personality is essential within this energetic and committed young environment. Salary up to £8,000. Ref. 398C.

Please ring or write, giving brief career details to Christopher West and quoting the appropriate reference.

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who specialise in all forms of Marine insurance broking on a World Wide basis invite applications for the position of a Senior Executive to take a leading part in the further expansion of their Off Shore Department. The role demands an in depth knowledge of the Oil Industry in general with particular experience in the production and servicing of Off Shore and Land Rig Insurances.

The appointed person can expect to receive the high level of award which the position merits.

All applications will be treated in the strictest confidence and should be addressed to

Antony Delderfield, Chairman of
Stewart Wrightson (Marine) Ltd.,
1, Camomile Street, London, EC3A 7HJ.
Telephone 01-623 7511.

AMERICAN FLETCHER NATIONAL BANK—INDIANAPOLIS

Wishes to appoint a senior dealer for their Luxembourg branch. Applicants in the age range 20-30 are required to have a minimum of two years trading experience and a knowledge of French and German would be helpful. Salary and benefits will be commensurate with the responsibilities of the position and relocation expenses will be reimbursed by the bank. Interviews will be held in London during mid October.

Please write in confidence with full career details to:
AMERICAN FLETCHER NATIONAL BANK
c/o Michael D. Vanner, Vice President
Allied Bank International
1 Cornhill, London EC3V 3NB

STOCKBROKERS

Medium sized firm of Birmingham stockbrokers wishes to expand its London office, and would like one or more members/partners to join them. All replies will be treated in the strictest confidence.

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The Financial Times, 10, Cannon Street, EC4P 4BY.

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GENERAL APPOINTMENTS

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Applications, with full details of relevant experience, should be forwarded in the first instance to Mr. J. T. Jessup, Messrs. Thomas Cooper & Stibbard, 27 Leadenhall Street, London, EC3A 1AB.

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(PA Personnel Services Ref: GM33/5758/FT). The identity of candidates will not be revealed to our clients without prior permission given during a confidential discussion. Please send brief career details, quoting reference number to the address below, or write for an application form, and advise us if you have recently made any other applications.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874



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A.S. Computas are building up their office in London and require a Structural Analyst.

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A.S. Computas, a subsidiary of Det Norske Veritas (The Norwegian Veritas), develop and apply Computer programs within the field of Engineering and Management.

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DET NORSKE VERITAS
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Sidenp, Kent DA15 7EX
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STOCKBROKING

PARTNER'S ASSISTANT

The well established London Office of a leading overseas broking house is seeking a young man aged around 25 to train under a partner and existing staff. The position is a career opportunity which could involve the successful applicant in overseas travel. A sound education background in accountancy and previous experience in or knowledge of the securities industry would be an advantage. A commencing salary in the range of £4,000 per annum is envisaged. Replies which will be treated in confidence should be addressed to Messrs. Baker Hooke & Ansdont, Chartered Accountants, Clement House, 99 Aldwych, London, W.C.2.

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A knowledge of European languages would be an advantage.

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Box Number A5699, Financial Times,
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APPOINTMENTS

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STOCKBROKER

Member with own private client business seeks commission sharing arrangement with soundly based firm. Principals only, please reply to Box A.5713, Financial Times, 10, Cannon Street, EC4P 4BY.

EXPERIENCED Financial Controller, held 10+ years, 1-6 months. Tel: Farnham 5385.

FINANCIAL ANALYST Graduate and A.C.A. aged 31, with sound experience in large commercial concern, including an overseas assignment, seeks new position with U.K.-based multinational in Financial Management. Write Box A.5719, Financial Times, 10, Cannon Street, EC4P 4BY.

Tanganyika Holdings Limited

Tanganyika Holdings Limited, the United Kingdom Service Company for Tanganyika Concessions Limited and Tanks Oil and Gas Limited, and which, through Elbar Industrial Limited, has extensive interests in the United Kingdom, has a vacancy for an

Economist

in the capacity of Personal Assistant to the Managing Director.

In the first instance, he or she would be particularly engaged in the overseas affairs of the Group and the growing industrial interests of Elbar in the United Kingdom. He would have to travel a great deal, locally and overseas and would need to have some capacity for negotiation, at least up to the final stage. The Company is seeking a highly intelligent young person of twenty-eight to thirty, capable of independent initiative and of top management and directorial potential. Immediate salary contemplated is of the order of £8,000 per annum, plus the usual Company benefits.

Applications in writing, please, marked CONFIDENTIAL and providing full details of qualifications and experience to The Secretary, Tanganyika Holdings Limited, 6 John Street, London, WC1N 2ES.

Investment Assistant

A leading Canadian insurance company wishes to recruit a young person to join a small team of fund managers in its London investment office. Training will cover all aspects of investment, including stock market operations, company financial analysis and overseas investment.

Applicants should be between the ages of 20 and 25 with a degree or professional qualification, and experience of investment work would be an advantage. Salary will depend on age and experience.

Write to:—

The Investment Manager
MANUFACTURERS LIFE INSURANCE COMPANY
Lawrence House, 3/6 Trump St., London EC3V 8JD

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(The Netherlands) - one of the 40 largest banks in the world - wishes to engage persons aged between 30 and 35, which are thoroughly experienced in international banking, for its

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For information please dial 30-362595. Applicants are invited to write to Centrale Rabobank, Personnel Department, Postbox 8398, Utrecht, The Netherlands.

Centrale Rabobank

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London office of an international merchant bank is looking for a junior Executive to do credit analysis and company investigations on behalf of overseas clients. Applicants should have between 1 and 3 years post graduate experience. Some knowledge of accountancy would be desirable. Please send C.V. to:
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For further details contact:
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57% of Accountants in Senior Management positions in Industry and Commerce read the FINANCIAL TIMES*

*Source: Mass Observation (U.K.) Limited.

The Marketing Scene

Marketing developments tend to concentrate on the fast moving packaged goods area.

ANTONY THORNCROFT, Marketing Editor, describes two areas of change.

An ABC of pricing

LESS than a fifth of the regular buyers of brands know their price. Housewives are resigned to price increases and, in fact, exaggerate them, believing that prices more than double every year. Since decimation there have been no price resistance points of the 19s 11d variety because consumers philosophically accept big price rises.

These are some of the findings from a hundred studies into price carried out by Pricing Research, just about the only specialist company in what must be the most written about and least known area of marketing. Pricing Research is a subsidiary of Kraushaar Andrews Eassey, in co-operation with the University of Nottingham.

It is quite astonishing the amount of effort that goes into researching new products up to the point of fixing the price and then the lack of sophistication that surrounds this vital factor, which largely determines whether the whole development will be profitable or not. This may be partly because these days the retailers determine the price of existing brands but in most cases for new brands the manufacturer can still exercise control.

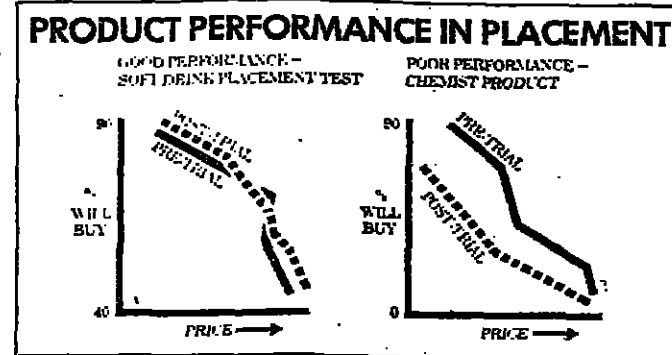
Pricing Research reckons that its accumulated expertise can take the gamble out of pricing new products. It passes on some of its findings in a new monthly report, called Development News, which KAE is circulating to senior executives in consumer goods companies (at a price of £55 a year).

Among the relevant points are that although housewives are confused, ignorant and battered into expecting constantly higher prices, they are more interested in the subject than ever before. They take their time over purchasing expensive durables and they are more interested in special price offers so that (in the consumer durable field again) many products have had to be on more or less permanent special offer. They are also switching to smaller sizes—KAE expects this to be especially true of instant coffee, come the new price rises.

Apart from general findings Pricing Research has come up with quite precise advice. Children, for example, are much

more price conscious than adults, and an 11p increase on some confectionery lines aimed at children has caused big slumps in sales.

Pricing Research also believes that companies should concentrate on developing products with lower prices than existing brands rather than trying to establish premium products with high profit margins. However, premium products with an obvious advantage, like the Birds Eye China Dragon range, can prosper. Consumers also have different levels of price sensitivity depend-



These charts show what can be achieved with buying response curves. In the case of the soft drink the product lives up to its advertising and purchases at the fixed price were above target. In the case of the chemist brand housewives were disappointed. This shows that whatever the pricing research suggests the quality of the goods is the vital ingredient.

ing upon whether the product is seen as a necessity: toilet tissues are less price sensitive than facial tissues. They also view "own label" brands quite separately, so that one retailer can get away with a higher price for its "own label" than a competitor. Incidentally retailers are often as ignorant about price as manufacturers. Only in the last two years have they appreciated the benefits of a common pricing policy for their shops, and they rarely keep tabs on what the competition is charging.

Other guidelines from Pricing Research are that the same brand can have very different buyers for various sizes of pack—a regular customer for a small size may react differently to price increases than the natural consumer of large packs.

It is also possible to juggle brands from the same manufacturer selling in the same market. One client overcame the problem

posed by a sudden cost increase by keeping the price of its major brand stable and loading the rise on to its secondary line which was better able to absorb it.

By concentrating on pricing research a mass of information has been gathered in which enables the company to produce fairly good predictions for specific brands. A lot of the work is pretty basic, like asking consumers how much they would be prepared to pay for a certain product (and discovering that the cut off point can be quite odd sums like 28p or 33p), but behind

Enter the extras

THE death of the salesman has been one of the longest running sagas in recent marketing history. Now this week we have the birth of an organisation which fosters the salesman's success best known perhaps as the retail auxiliary.

Eleven companies which dominate the confusing world of merchandising, contract selling, in-store promotions, personality drives and demonstrators, have got together in an association pledged to raise standards in what is already a £15m. plus business.

The range of services on offer starts with Sales Force Ltd., which has a team of a hundred full-time representatives working for clients, at a cost of around £150 per man, per week, as well as usually employed in introducing new products in peripheral areas, like the independent retailers, or giving extra weight to a special trade promotion. Where subsidiary companies work for other companies Sales Force keeps the team intact selling goods it has bought on its own account.

Sales Force, which is currently involved in selling a new confectionery product into CTV's, and promoting a slimming food to chemists, is unusual in employing men on a full-time basis, which is why it charges more than the competition. In fact, despite the Equal Opportunities Act, men are rather thin on the ground among the auxiliary forces.

Merchandising Manpower, the Young and Rubicam subsidiary, supplies them when asked, to STAGS and Granada, the television companies, who offer a subsidised selling service to advertisers, and ATV and Trident have their own teams of salesmen, who also support the advertising drive, mainly on new brands and big promotions. But in the main this is a woman's world.

Roughly the same size as Sales Force, Counter Products Marketing, which does straight-forward selling, but also handles personality promotions, in-store demonstrations, and merchandising. It uses girls, and has 3,500 on the books—on a part-time basis, though 250 in the field at the moment.

Although girls were originally used mainly on promotions they are now handling the selling. Counter Products looks after sales to the independent chemists for Greiner 2000, the hair treatment which spends £250,000 on British television but only employs two salesmen: auxiliaries do the rest. One advantage of a part-time female sales team is that it is cheaper—around £100 a week for a girl from Counter Products.

Although the companies involved in the Auxiliary Field Promotion Organisers, AFPO, account for around two-thirds of the business, there are sizeable outfits outside it, notably Merchandising and Sales Services, Quaker Oats subsidiary which provides a straightforward merchandising service in-store.

MASS works for 15 companies, like Eden Vale, Guinness, Wander, Beechams and Alcan, supplying 700 part-time women merchandisers who bring stock from the store room, mark on the price, and make sure it is always on display. They can also handle straightforward reordering and build up promotional gondolas.

MASS charges by the hour—at a rate of 1.75p—and on average a customer pays for forty minutes of a merchandiser's time.



Bullmore tops JWT

FORMER creative director Jeremy Bullmore is the new chairman of J. Walter Thompson. For the past 18 months he has been deputy chairman to Denis Langton, who has given up the chairmanship to concentrate on his overseas activities—he is chairman of the European Management Group and responsible for billings of \$300m. in 25 countries.

Langton will still operate from 40, Berkeley Square, the London operation remains in the hands of Bullmore and managing director John Lindesay-Bethune. There are two new deputy chairmen, Hugh Miles and Alec Morrison. The position of John Treasure, chairman of the JWT Group, is not affected.

● ACCORDING to research company AGB, the U.K. dog population is falling. It reckons there were 4,813,000 dogs in June, a 3 per cent. fall on previously, an ominous development for petfood manufacturers.

● COGNATE Elliott has been appointed to handle the £75,000 launch of a new Carrefour hypermarket in Birmingham. Another new account for the agency is London Brick Building's Banbury Greenhouses. Home Extensions and Showste business, worth £175,000.



Traditional work for auxiliaries—interesting retailers in Spanish olives.

In each store a week. In some large stores there can be half a dozen women handling up to 15 lines. There are other companies doing this basic merchandising task, which is most essential now that salesmen rarely call on the larger supermarkets. Additions works in Tesco and Fine Fare stores, among others, and Counter Products offers a slightly different operation, assigning women specifically to work at agreed times for particular manufacturers.

In the grocery trade the new auxiliaries are mainly employed in selling or merchandising—retailers have little enthusiasm these days for personality girls or space consuming in-store promotions. Their below-the-line activity is mainly concerned in squeezing as large a discount as possible from suppliers, or taking part in tailor-made national promotions with specific brands. In cash and carry there is more room for razzmatazz, for tastings and in-depot demonstrations, but in the main the auxiliaries are replacing salesmen.

It is not hard to see why all the major packaged goods companies have run down their sales teams. According to Rudi Goldsmith of Sales Force it cost at least £8,278 to keep a salesman on the road in 1975, almost 25 per cent. more than in 1974. This year the cost will have risen again. To set against this expense there has been a contraction of shops for salesmen to visit. In recent months big retail groups like International, Allied, and Barker and Dobson have closed down hundreds of small outlets.

With six multiple organisations accounting for a third of grocery sales, the future obviously lies in central office negotiations between the key

account salesmen of the manufacturers and the retail buyers. The small shopkeeper must either join one of the voluntary groups, or use a cash and carry for his stock.

But this still leaves an enormous amount of turnover inadequately covered. The multiples may accept secondary brands from big suppliers and then ignore them in the shops—merchandisers can nourish the lines. In cash and carry a retailer's imagination may be caught by an interesting demonstration, and there is always the chance of extending distribution into other kinds of retail outlet, like CTV's and chemists.

There is also the feeling that many companies have run down their own sales teams too far so that they cannot get adequate distribution for new products or provide sufficient back-up on promotions. This is why the contract selling teams are boosting their turnover by up to 25 per cent. a year, beneficiaries from the general desire to drop permanent staff in favour of buying out services when needed. In the same way the related area of food broking which handles every aspect of selling and distribution for companies who want to concentrate on production, is also booming.

The Auxiliary Field Promotion Organisers is a timely body. Companies are aware of a gap in their selling artillery. They know that these days brand advertising is fulfilling a minor part in securing sales—everything depends upon exposure on the shelves. Subsidising the retailer and paying for its advertising can ensure that products are stocked, but only on the spot—merchandisers and visiting salesmen can make certain that the packs are on the shelf.

Reckitts drop Y & R

IN A shock move Reckitt and Colman has dropped Young and Rubicam as one of the agencies working for its food, and household and toiletries divisions. On the food side the Robinsons soft drinks and Jif Lemon brands have gone to Burmanthorpe Pearce, which has also gained Mr. Sheen from household. Other beneficiaries are Masius, which picks up Cossack hair spray, and Dorlands, which gets Loxene.

The actual amount of advertising lost by Y and R is open to dispute. The agency reckons that it has dropped less than £600,000, and points out that it still handles £600,000 worth of billing for the agency's pharmaceutical side, which announced its half yearly results yesterday. They show a pre-tax rise in profit of around 40 per cent. to £212,109, although managing director Frank Lowe warns that although prospects still look good a lot of the agency's turnover was bunched in the first six months.

The acquisition of the extra advertising from Reckitts is particularly timely for CDP, which announced its half yearly results yesterday. They show a pre-tax rise in profit of around 40 per cent. to £212,109, although managing director Frank Lowe warns that although prospects still look good a lot of the agency's turnover was bunched in the first six months.

Spot the soccer ads

ON Saturday spectators at eight London football matches will hear commercials for the Daily Mirror, Gillette, Woodwards, Fabergé, Wills, Lloyd Industries, Mecca, Music for Pleasure, and British Leyland.

Unfortunately the numbers involved will not be all that great because only two of the clubs involved, Charlton and Crystal Palace, have home matches, but this will be put right on succeeding Saturdays, at such pitches as Tottenham Hotspur, QPR, and Chelsea.

All of which means that Soccer Sounds, first mentioned on this page on July 1), has got off the ground. The idea behind this new advertising medium is that the record programmes heard before football matches, and during half-time, should be inter-linked with commercials.

Since launching the idea Soccer Sounds has changed its format slightly. It has 48 clubs interested in taking part, and intends to go national in late November, but it is offering a less rigid service. It is also test-ing the idea in London to prove to dubious advertisers that it scheme could benefit soccer to the tune of £155,000.

Not that advertisers are getting the test for nothing—they are paying £500 and have usually prepared special commercials for the 81 per cent. male, predominantly C1 C2 and young, audience to be reached at football matches. If they decide to go national it could still cost £1,000 to reach an estimated 22.5m. football spectators, and perhaps more, this season.

But Soccer Sounds is prepared to be more flexible. It is, for example, negotiating with Marley Tiles, which "just wants to advertise on 16 grounds, and with Mecca which wants coverage in the London area. Even so, there is only room for a dozen advertisers on the tapes which are sent out to the grounds and changed each month.

If the idea takes off Soccer Sounds expects to move into Scotland, for the clubs are interested—they have no costs and receive a percentage of the take, which should work out at an extra £500 for Spurs just during the London trial. A full season's smooth operation of the scheme could benefit soccer to the tune of £155,000.

Davidson Pearce envisages a television rates to less than 5 per cent. in the first half of the year (as against the 35 per cent. annual jump this autumn), but this advantage will be offset by a 5 per cent. fall in TV audiences, 25-30 per cent. increase in cost caused partly by IBA pressures to offer more "balanced" pro-

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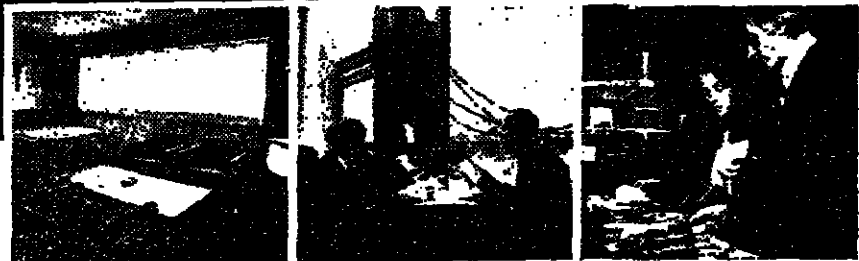
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THURSDAY, OCTOBER 7, 1976

Reconciliation at Brighton

THE DEED has been done. Mr. Edward Heath has stood up in public, before the Conservative Party conference, the television cameras, and the nation, and declared his support for his successor as leader of the party, Mrs. Margaret Thatcher. He has done this in a speech that is a "complete confidence," he said at Brighton yesterday, that the difficult decisions that must be taken in the national interest will be taken by Mrs. Thatcher and her colleagues. Whether or not Mr. Heath himself yet realises it, that single sentence has probably bound him to continuing loyalty to the new Tory leadership, since any further challenges to that leadership would be likely to erode his own support among the rank and file.

For events have a power of their own. The response to Mr. Heath's speech yesterday was divided: some cognoscenti were clearly affected by the rapturous standing ovation that he received, and told themselves that the reconciliation with Mrs. Thatcher was complete. Others point out that he barely managed a single sentence of support, and that its delivery was grudging while the occasion for it had to be manufactured by the strenuous efforts of those around him.

Those who take this second view also argue, with plausibility, that since his fall Mr. Heath has come to adopt the attitudes of an elder statesman, above the battle: a future leader of the nation who, like General de Gaulle, is waiting for a more or less irrelevant period of years to pass by before the call for his return is made by a people in despair. Some 90 per cent. of his speech yesterday was spoken in terms that are consonant with this view.

From the point of view of the unity of the Conservative Party, and hence of the morale of its members, the important question is not so much whether or not this perception is correct—but whether it would matter if it now.

An attempt to make Leyland viable

LEYLAND Cars must bring the productivity of its factories up to the level of its overseas rivals. If it fails to do so, the company will go on making losses or wholly inadequate profits and the burden on the taxpayer will grow. To prevent that from happening, the National Enterprise Board has said that it will not approve major capital expenditures unless the necessary improvements in productivity have been discussed and agreed with representatives of the workforce. The management has been trying to get across to the workforce that the NEB means what it says: it is unfortunate that the methods which were used at Longbridge this week led to a quite unnecessary fracas and, incidentally, added to the pressure on sterling.

Representatives of the workforce in the five factories which will be concerned with building the new Mini had been asked to give a commitment to higher productivity on this programme. By the start of this week four of the factories had agreed to the commitment, but Longbridge, the largest, had not. Hence Mr. Derek Whittaker, managing director of Leyland Cars, addressed the shop stewards on Monday and warned them of the implications of not accepting the productivity commitment: he pointed out that the Mini proposal was due to come before the NEB on Friday. The gist of Mr. Whittaker's comments was passed on in the form of a briefing document to Longbridge managers and this document, which was leaked to the Press, contained phrases that seemed to imply catastrophic consequences for Leyland Cars if the Friday deadline was not met.

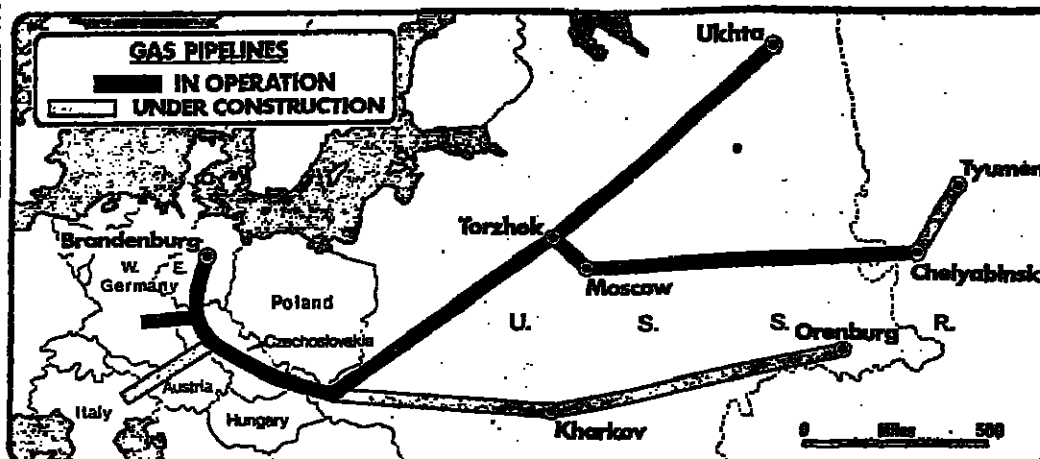
Real urgency

The wording of the document was probably a mistake: Friday's meeting of the NEB would not necessarily be a decisive one and further meetings can no doubt be convened. But the thinking behind the paper, which is to instil a sense of real

British contractors may be breaking into Russia

The big Siberian pipeline deal

By GEOFFREY OWEN in London and DAVID SATTER in Moscow



WHEN SIR Harold Wilson extended the £900m. export credit arrangement with the Soviet Union in February of last year, there were hopes that a great new export opportunity had been opened up. In the event, not much business has been done; £42m. of the credit has so far been taken up. Although the Russians have been placing orders for some huge industrial projects, only the crumbs (including a few substantial ones) have come to Britain, often in the form of sub-contracts from Continental or American main contractors.

This disappointing background explains the Government's intense interest in the negotiations now in progress for the sale of British-made gas turbine compressor units for a Russian gas pipeline. The value of the contract is in the £100m.-£150m. range: if it comes to the U.K., it will be the biggest export order for Britain in the history of Anglo-Soviet trade.

Two British groups are in the running. One is GEC Gas Turbines, subsidiary of GEC. The other is a specially formed consortium called Cobarrow, consisting of Rolls-Royce (1971), Cooper-Bessemer (a division of Cooper Industries of the U.S.), and Willbros, an international pipeline engineering concern.

Both tenders are based on the Rolls-Royce Avon engine as the power unit. A third offer incorporating the Avon is believed to have been submitted by Dresser Industries of the U.S. This company's Clark compressors, together with those of Cooper, Ingersoll-Rand, and a few others, are among the best-known names in this field.

The British negotiators have had to cope with more than the normal questions of price, delivery and performance. First, they would have to act as prime contractors for a number of fully equipped compressor stations, requiring engineering and programme management skills of high order, as well as the co-ordination of many different sub-contractors. Second, they have had to convince Machinery, the Soviet buying org-

anisation, and the Soviet Gas Ministry that it makes sense to switch away from a type of gas turbine compressor system on which the Russians have spent over \$1bn. during the last four years. The Avon-powered unit, though widely used for gas transmission in other parts of the world, is untried in the Soviet Union.

Virtually all the compressor stations so far ordered by the Russians for their new gas pipelines are based on heavy-duty equipment designed by General Electric of the U.S. and supplied either by General Electric itself or by its manufacturing associates in Europe and Japan. To shift from GE's industrial turbine unit, which has become almost standard equipment, to the light-weight aero-engine, unit is a major technical step; it is still possible that the Russians will decide to stick to what they know. (The GE gas turbine is a single piece of machinery which drives the compressor: the light-weight system uses a derivative of an aircraft jet engine which is combined with an industrial power turbine to drive the compressors.)

Number of suppliers

The Soviet Union is committed to an ambitious programme for increasing the supply of natural gas from the new fields east of the Urals and in Siberia to Western Europe. To do this, a series of pipelines are under construction or planned, all of which need a large number of booster stations along the route to ensure maximum flow of gas. General Electric's first big order, worth \$252m., was for the Bratskovo project involving two pipelines running to Kirovsk in the Ukraine and to Torzhok in the north. The order was for 63 gas turbine compressor modules, together with all the associated equipment, spares, technical support, and the design and equipment for a complete gas turbine service shop.

Partly to meet delivery requirements, and partly for reasons of finance, GE spread the work out among a number of suppliers. According to figures published recently in Gas Turbine World, GE kept 21 of the gas turbine units for manufacture in its own plant at Schenectady, New York, while sub-contracting the rest to its manufacturing associates. These were AEG-Kanis in Germany (8 units), John Brown Engineering in the U.K. (12), Hitachi in Japan (8), Nuovo Pignone, part of the state-owned ENI group, in Italy (6) and Thomassen in Holland (10). Compressors were bought from Cooper (17 units for manufacture in Canada and Holland), Ingersoll-Rand in the U.K. (24). Most of the ancillary electrical and gas handling equipment came from AEG and Mannesmann in Germany.

Co-ordinating all these suppliers was a complex undertaking, even for General Electric, and one of the keys to it was the standardisation of design so that all the gas turbine and compressor units, though built by different manufacturers, were interchangeable. The order was placed with GE in August, 1974, and the final shipment arrived in March, 1976.

GE's manufacturing associates are required to buy certain parts of the gas turbine (including the hot rotor) from GE itself, but the arrangement does not prevent them from competing directly for any business that is available. When the second big contract for a pipeline from the Orenburg fields to Ust-Izhmorsk was placed earlier this year, the successful bidders were two GE associates. AEG Kanis received a \$75m. order for 123 gas turbine compressor sets; and Nuovo Pignone a \$175m. order for 35 sets.

Once again other GE associates are doing part of the work and some of this business has come to the U.K.; John Brown Engineering will be making 33 of the gas turbines at its Clydebank factory. As for the compressors, Cooper got an order from AEG for 88 units, of which

year, he was with stockbrokers Sheppards and Chase, where he worked on the institutional research side taking a particular interest in, and building up a reputation for, the study of insurance brokers.

Since July 1973, he has been running his own consultancy firm, getting involved in several merger and cash-raising exercises that have been a by-product of the sector's buoyancy. Stewart Wrightson, probably London's third biggest in its field, has done as well as any, particularly because of its widely-spread network of offices in North America. SW is part of the Matthews Wrightson group, which earlier this month reported its insurance broking half-year profits 91 per cent. up after absorbing the exceptional expenses of moving SW's head office.

So Keys' optimism is understandable. Even adopting inflation accounting procedures does insurance brokers good and Keys insists that despite the "ill wind" factors, there has been "good organic growth underneath it all."

And without insurance, where would the balance of payments be? Naturally, Keys sees any talk of nationalisation as folly. The Prime Minister has ruled it out, of course, and so far the pre-eminent London market has been spared the spectre of frightened-off business by the worldwide shortage of risk capacity. But talk of nationalisation at home is one reflection of shifts of power and wealth all over: "It's time," declares the energetic Keys, "for companies to be on the ball."

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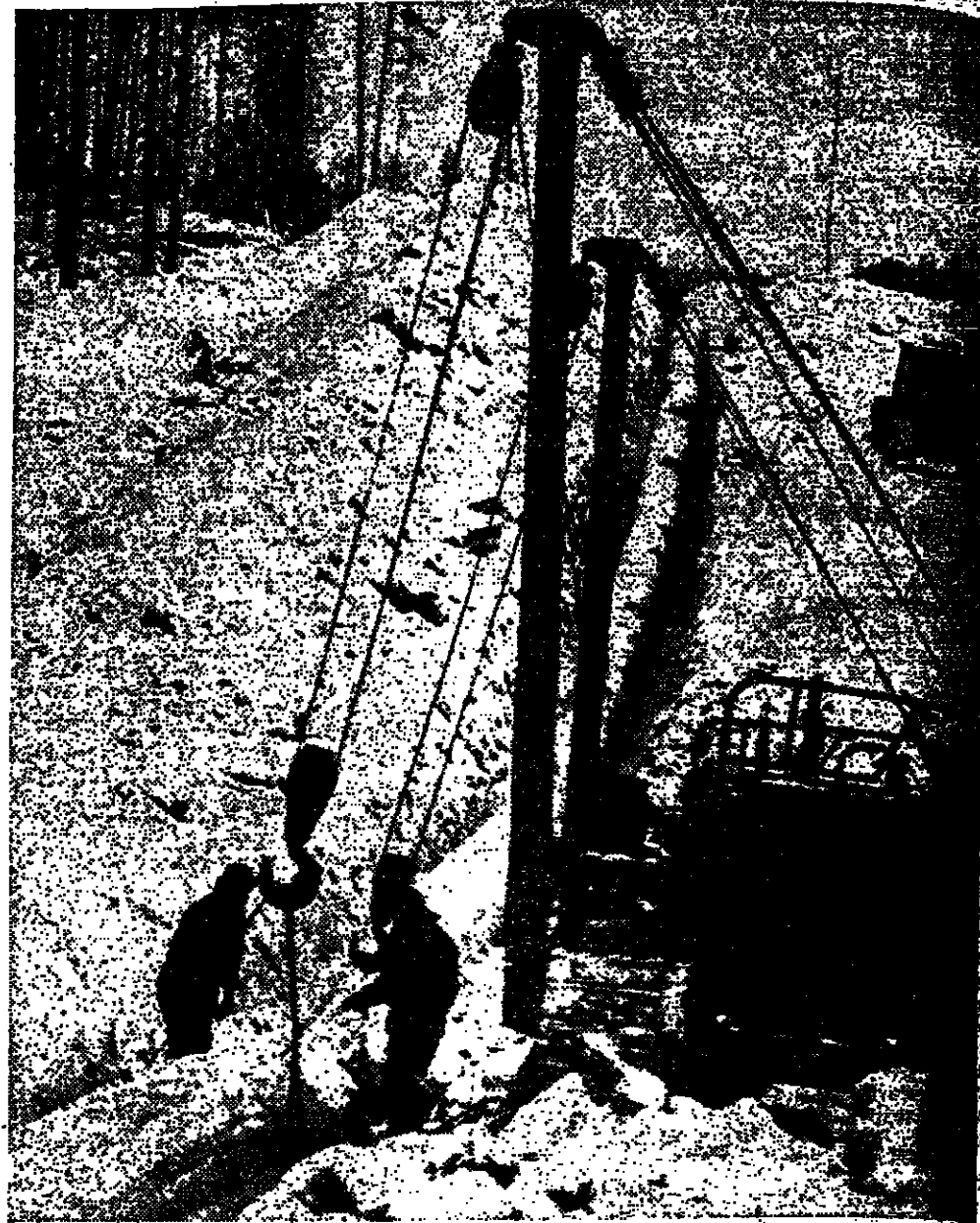
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Laying a gas pipeline in the Siberian snows near Tyumen.

28 will be made in the U.K.; last year the company took a long lease on the former English Electric factory at Meltherton, near Liverpool. The compressor and most of the shipments are due to be completed by 1978.

The next big contract to be let is for the Chelyabinsk pipeline. It is the one that concerns GEC and Cobarrow. For several years efforts have been made to sell the Russians Avon-powered compressor sets. Rolls-Royce itself, besides talking to the Russians about possible co-operation in aircraft engines, has tried hard to stimulate interest in a land-based application.

Cooper, which has a licensing agreement with the Russians on certain of its products, quoted the Avon-powered unit for the Orenburg pipeline order last year. Although the Russians decided to stay with the GE design, their response was sufficiently positive to encourage Rolls-Royce and Cooper to persist.

Their persistence was rewarded at the end of last year when Rolls-Royce was invited to tender for the Chelyabinsk project. Since this is not the type of business where Rolls-Royce normally acts as prime contractor (as it does, for example, in electricity generating sets), Cooper was brought in and a consortium formed to undertake the scheme.

Because of the size of the order—the Russians want 50 sets, with the prospect of more to come—and because the requirement, as in the GE and Avon contracts, was for a complete package including piping, valves, gas handling equipment, and so on, Willbros was asked to join the consortium to handle that side of the

business. Willbros has made by helicopter if necessary. Experience in Canada shows these units to be completely reliable for operation in extreme temperatures.

Over the last few months the discussions with the Russians continued. The Russian case for the light unit has been accepted, reported in the Financial Times on August 16, the negotiations with the two British firms seemed to be reaching a conclusion. Some delay has been caused by other negotiations which have recently been completed, on a separate turbine compressor order extension to the original contract. This order has split between AEG and GEC.

On this occasion the climate seems favourable to U.K. the terms of the arrangement are known to be highly competitive, and recent behaviour of the British even more attractive. The technical and management competence of the two groups, suppliers—and the financial resources behind them—remain in question.

Whether this will be a success remains to be seen. For Rolls-Royce the acceptance by the Russians of the Avon engine would be an important breakthrough in a potentially enormous market. For GEC, the pipeline order would be a demonstration of its ability to compete on equal terms with its strongest international competitors. For the U.K., the order would be good employment and a useful morale at a time of transport units can be delivered about the British economy.

Both GEC and Cooper have installed Avon-powered equipment of this type in the U.K. and in several overseas markets, notably Canada, where the customer, Trans Canada Pipeline, operating in conditions not dissimilar to those of the Soviet Union, has virtually standardised on the light-weight unit.

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"So what is the value of paper (money) to-day? No doubt you would know. Everything in this war, which has been stirred up by England, has weakened the strength of the English empire, and every battle lost by England has been a cause for the deterioration of British money."

"The day is near when even a beggar on the street corner will refuse to accept the English pound when you offer it to him."

"God has willed that England should disintegrate."

All I can say is, I hope not.

Unfair

Surely there's a better way of putting it. The Employment Services Agency in a statement to-day talks about "training for key people such as Disabled Resettlement Officers (DROs)."

Forecast, 1942

COMPANY NEWS + COMMENT

Wilmot Breeden jumps to £2.72m. so far

WITH SALES up from £32.38m. to £41.16m. and profits of £1.16m. Wilmot Breeden (Holdings), the Midlands car parts and engineering group, rose substantially from £994,000 to £2.72m. in the first half of 1976.

The directors say that if the higher level of sales continues, second-half profits are expected to be similar to those in the first six months to give a 12-month total of around £3.4m., compared with £2.82m. in 1975.

After tax up from 547,000 to £1,335,000, earnings per 25p share are shown to have trebled from 2.1p to 5.3p.

The net interim dividend goes up from 0.65p to 1p a share—last year's total was 2.45p. The directors say the final dividend will depend on trading conditions during the remainder of the year.

Under present Treasury regulations the maximum dividend payable for the year is 2.73888p. The directors say that sales and profits increased both at home and abroad in the first half, more than two-thirds of the group profit before interest again came from overseas activities.

A higher demand at home and in Europe led to increased sales in the U.K., the first effects were seen of the steps taken last year to reduce costs and increase efficiency.

comment

Wilmot Breeden has been recovering with a vengeance and pre-tax profits for the first half are almost as large as for the whole of the previous year. The main reasons are the stringent re-organisation last year, which saw a radical reduction in the numbers employed on the car components side, and the improved demand for cars (and thus components) this year. The big turnaround in original car components is welcome but it masks the long-term strategy which is to reduce dependence on them. Profits in the other subsidiaries, notably Triffin, are progressing well and will continue to increase their share of the total in more normal years. The closing of the 50m. liability in March certainly looks fortunate now, and the shares at 42p must be among a fairly select group, being nearly 30 per cent. above this year's low. Moreover, under the recovery rules there is room for the dividend yield to grow beyond the normal limit to a possible 14.1 per cent. this year.

LIDEN

The chairman of Liden (Holdings) is Mr. Norman Clothier and not Mr. C. B. Martin as stated in yesterday's report.

HIGHLIGHTS

The first-half figures at P & O confirm that the declining trend in profits has reversed but Bovis is still something of a problem. Thomson has also performed well in the first half with profits 90 per cent. higher thanks to a bumper period in travel which has made up for continued losses in newspapers. Completing the Lex column is Johnson Firth Brown, where 1975-76 profits are lower but the current year has started better while the loss makers have been sorted out. Rockware has had a good first half and profits for the full year should reach about £51m. Wilmot Breeden continues to rise at a rapid rate with first-half profits in line with the previous year's total, while Westair is another company that has used a small issue of shares for an acquisition as a case for increasing the dividend by a substantial amount.

Rockware up £0.4m. at midterm

FIRST-HALF 1976 turnover of Rockware Group expanded from £24.1m. to £29.55m. and pre-tax profits advanced from £1.85m. to £1.85m.

The chairman, Mr. J. H. Craigie says the pattern of 1975 with 20 per cent. of the glass-making machinery shutdown, persisted in the first half. Now, after the hot summer, there are strong signs of improvement; a full production programme and a price increase this autumn make the directors confident of "significant improvement" on last year's record £4.31m. profit.

First-half earnings are shown to be up from 4.25p to 5.49p per 25p share, and the interim dividend is lifted from 1p to 1.3168p net costing £226,118 (£162,000) and absorbing the full permitted increase for the year. Last year's final payment was 2.1672p.

Group turnover ... 1975 1976 1977
Glass ... 21,350 25,075 26,443
Plastics ... 2,740 2,770 2,639
Engineering ... 1,880 1,430 1,163
Operating profit ... 2,119 2,161 2,178
Finance ... 2,417 3,066 3,639
Interest received ... 132 25 72
Interest charges ... 722 690 1,025
Profit before tax ... 1,277 1,478 1,396
Tax ... 850 792 2,189
Net profit ... 227 776 2,117
Minority interest ... 11 1 1
Attributable to Ord. ... 216 775 2,116
Excludes inter-company sales £127,000 (£115,000)

Plastics is showing a return towards reasonable profitability with demand on the increase. As anticipated Wheaton Industries Inc., has exercised its option to acquire 25 per cent. of Rockware Plastics.

In June the company acquired 20.4 per cent. of the issued capital of the Irish Glass Bottle Company. Benefits will flow both through the investment and from

a technical assistance and training agreement entered into by the Irish company with Rockware International. Progress towards the sale of the Greenford site to IBM is proceeding satisfactorily. The group has recently been advised that all necessary approvals of the revised planning application have been received and the directors anticipate being able to report completion of the sale.

comment

Rockware can probably maintain its interim progress for the whole of 1976 pushing profits up to around £4.5m. pre-tax. Margins in the dominant glass division have eased slightly against the opening half of 1975, but the summer heatwave has reversed all the earlier short time working and sales volume in the third quarter is a tenth or so higher. Against this sort of demand background the group work that Rockware put in to improving margins over the past couple of years—a 16 per cent. cut in the workforce, more efficient furnace burning—is being given a chance to show its real worth. At 66p the shares yield a prospective 8.2 per cent. and if earnings reach 15p this year the 1976 p/e eases down to 41.

Increase at Collett Dickenson

FIRST-HALF 1976 profits of advertising agents Collett Dickenson Pearce rose from £20,718 to £12,109 subject to tax of £208,604 compared with £128,119 and the directors say that current trading is good.

The interim dividend is lifted from 1.2688p to 1.3935p net per 10p share. Last year's total was 2.6603p paid from pre-tax profits of £351,987.

comment

Pre-tax profits of Collett, Dickenson, Pearce showed great resilience during the recession and have now recovered sharply as advertising volume has increased. Shareholders are warned that trading patterns have changed and that clients have done more of their business in the first half than is usual. But hopes for a strong performance in the second half as well were encouraged by the reported winning of a further £1m.-worth of advertising from Reckitt and Colman. The maximum prospective yield on the shares at 35p is 18 per cent.

Sanderson Kayser upturn

IN THE first half of 1976, profits of steel and tool manufacturers Sanderson Kayser rose from £372,000 to £455,000 subject to tax of £228,800 compared with £193,440.

The directors state that some improvement in demand was experienced in the period and has been maintained, but there is as yet no evidence of a consistent trend.

The interim dividend is lifted from 1.22p to 1.34p net per 25p share. Last year's total was 3.38p paid from pre-tax profits of £703,510.

comment

Sanderson Kayser's 22 per cent. rise in pre-tax profits reflects internal rationalisations in products and equipment rather than any significant firming in the steel market. Turnover is apparently up slightly, although increased demand from abroad has been met largely with overseas stocks. At home, the tendency by customers to use manufacturers as their stockists has reduced the lead time between orders and deliveries. But while the stock level has risen somewhat, the group remains clear of debt. With continued cost cutting, some progress over last year's £740,000 pre-tax profits should be in store, as indicated by the increased dividend. But the maximum yield of 12.6 per cent. at 45p looks about right, at least until there are clearer signs of a fundamental shift in the market.

Excilbur sales ahead

EXT year sales at Excilbur Jewellery are again showing an increase and chairman Mr. H. Shewell believes that 1976-7 results will at least equal last year's.

On September 17 it was reported that turnover for the year to April 30, 1976 was £3.73m. (£3.3m.) and pre-tax profit £0.62m., against £0.49m. after a drop in the second half.



Mr. Kenneth R. Thompson, chairman of The Thomson Organisation, which yesterday reported first-half 1976 profits, before tax, up from £3.8m. to £5.31m. (See Page 23.)

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Bazalton Holdings	0.88	—	8.94	9.83	—
Booth (Int'l Hldgs.)	1.34†	Dec. 21	1.34	—	3.58
Collett Dickenson	1.4	Nov. 26	1.27	—	2.68
G. R. Davies	4.93	Jan. 3	—	5.78	5.25
FPA Constr.	0.3	—	—	—	—
Johnson & Forth Brown	2.95	Jan. 14	2.5	3.83	3.48
Jones Group	0.65	—	0.85	—	2.93
Lawrie	2	—	1.32	2	2.59
Malton Inv.	2	Nov. 15	3	—	8
Mollins	2	Nov. 26	—	—	—
P & O Group	2.5	Jan. 4	2.25	—	6.66
Rockware Group	1.32	—	1.22	—	3.17
Sanderson Kayser	1.34	Jan. 3	1	0.6	3.38
St. James's Place	0.6	Dec. 3	—	—	—
Siemssen Hunter	1.06	Jan. 27	0.97	—	1.94
Thomson Org.	2.08	Jan. 4	1.6	—	4.81
Wilmot Breeden	1	Jan. 4	0.65	—	2.45

Dividends shown pence per share net except where otherwise stated. † Equivalent after allowing for scrip issue. ‡ On capital increased by rights and/or acquisition issues. (a) Total 5.29p expected. (b) Total of 6.5p foreshadowed in offer for sale. (c) Payable when funds available from India.

Recovery at FPA: pays 0.5p

PROFIT BEFORE tax of FPA Construction Group, of Sheffield, advanced from £60,000 to £207,000 in the first half of 1976 and chairman Mr. B. J. Ward anticipates a continuing recovery in the second half.

Dividends are being resumed with a net interim payment of 0.5p per 25p share. No dividends were paid last year. Profits came to £88,000.

Mr. Ward says the recovery in profits has been achieved in difficult trading conditions throughout the construction industry.

Despite these difficulties, the group has sufficient work on hand to enable the directors to anticipate a continuing recovery in the second half, he tells members. The group is continuing a policy of reducing its investment in property development and further disposals will be carried out in the second half. This will enable a significant reduction in borrowings to be made and the group to continue to operate well within its agreed banking facilities, Mr. Ward reports.

Prior to the severe cutback in public spending, the contracting division aggressively sought work in the sectors in which it is most successful. The contracts obtained are at somewhat lower margins of profit, but are considered to be particularly valuable in view of the low level of new construction work now available.

comment

On the face of it FPA Construction has recovered after last year's hefty write-offs. No further provisions have been necessary and the second half looks even better. Contracting order books are good, the low-building side should contribute around £80,000 for the full year against the first half's £18,000 and property sales for the year are likely to reduce borrowings by £1m. However, this still leaves interest at 56 per cent. of trading profits at last year's levels and these are now under pressure. Contracting margins are down to around 2 per

Guinness Peat confident

WITH ONLY just over four months of the current year past, compared with a forecast and in view of the many monetary and economic uncertainties prevailing, the chairman of Guinness Peat Group, Lord Kirtin makes no profit forecast.

However, he tells members that the level of activities in the group's areas of operation has substantially increased in the last few months of the year to April 30 and has continued to do so during the first few months of 1976-77.

The group is in the process of studying the further expansion of the overseas operation and the Board is looking forward with confidence to future trading results. They also see the prospect of an increasing contribution from the banking side, adds the chairman.

As reported on September 3, disclosed profit attributable after tax for 1975-76 showed an increase of 56 per cent at £3.73m.

The accounts reflect the conversion of the company's loan stock in October, 1975, in that the shares issued have received the conversion terms also provided for interest to be paid up to September 30, 1975, and there is therefore an additional charge on profits of some £150,000 which will not recur in the current year.

The early conversion of the Loan Stock resulted in a substantial increase in capital reserves as £1.7m. has been added to the share capital and share premium account.

Meeting, Winchester House E.C. on October 29 at 10.30 a.m. A note to the accounts records that the Fenchurch Insurance Holdings subsidiary is committed to pay further consideration, which it is estimated will be substantial, for its shares in an associated company. The company in question is believed to be the South African concern North City Fishers, which was acquired with Fenchurch, and in which the group stake is now some 49 per cent.

Another note states that a subsidiary has entered into put and call options in respect of shares which if exercised would involve the payment of £2.7m. In the opinion of the directors, it is added, the aggregate value of such shares is not less than the option price. This item is thought to relate to the options maintained as between the holding company and the bank, Guinness Mahon, concerning the ownership of Greencoat Properties, in which a large stake is held.

Midterm upsurge by Booth

IN THE FIRST half of 1976, and skin merchants and tanners Booth (International) Ltd more than trebled net profit from £172,000 to £581,000 for all 1975 were £528,000.

The chairman, Mr. G. W. W. says that although trading remains good, it would be to forecast second-half results in view of the uncertain economic conditions.

Adjusting for May's three rights issue, first half profits are shown to be up 2.36p to 8.2p per 25p share. An interim dividend is held at £1.25p, which will be paid on the increased net on the year's final payment of 2.233p.

The figures coming out of the tannery industry, two including doubled interim at from Pittard and a 120 per cent. full year rise from Strongy Fisher, certainly paved the way for a good result from Booth in the event.

Profits show a 220 per cent. increase against the comparable period of the previous year, and a 56 per cent. increase in the preceding six months. Den the preceding six months Den has been generally 8m. in the U.K. (40 per cent. of in 1975) and overseas, due the weakness in sales to the manufacturers, which in turn suffering because of imports. Sterling's deprec is helping where Booth invoice in local currencies, on the other hand raw prices are higher, and higher working capital Den. However, the £330,000 rights last May has offset this and full year interest charge unlikely to be significant higher. Trading remains and just a maintained second indicates £0.9m. for 1976, figure of £1m. looks more than this points to earnings per of 13.7p on average capital a prospective p/e of 25 at which is below the his figures for Pittard and St

Scottish and Continental

In the year to August 31, 1976, revenue of Scottish and Continental Investment Company fell from £299,994 to £225,427 subject to tax of £105,468 against £118,431.

Earnings are shown to be down

THE RUGBY PORTLAND CEMENT COMPANY LIMITED

INTERIM REPORT

The Group trading results (unaudited) for the six months to 30th June were as follows:—

	6 months to 30th June 1976	6 months to 30th June 1975
Group Turnover	£ 39,446,000	£ 35,430,000
Trading surplus of the Group including investment income	7,422,242	7,044,681
Less: Depreciation	1,845,144	1,682,630
	5,577,098	5,362,051
Deduct: Taxation:		
United Kingdom	1,825,000	1,775,000
Overseas	360,000	345,000
	2,185,000	2,020,000
	3,392,098	3,342,051
Deduct: Minority Interests	83,782	59,005
	£3,308,316	£3,283,046

U.K. Corporation Tax is calculated at the rate of 52% (1975: 52%). The total charge includes equalisation reserves of £1,310,000 (1975: £585,000).

The Directors have declared Interim Dividends on account of the year ending 30th December 1976 as follows:—

On the 25p Ordinary Shares:
1.495p a share—£1,053,184
(1975: 1.35p a share—£967,440)

On the 5p Participating (n/v) shares:
0.957p a share—£310,068
(1975: 0.87p a share—£281,880)

Both dividends will be paid on 7th January 1977 to shareholders on the Register as at 5th November 1976.

Hodson Lynch International Trade Finance

Hodson Lynch specialises in providing unsecured export and import finance at substantially lower than current market rates.

The Company operates only in association with leading American and European banks. Hodson Lynch finance packages are based on an original and exclusive concept of financing overseas trade that provides very substantial savings. Loans from £100,000 to £100 million can be accommodated with repayment periods from 60 days to 5 years, at 2% to 5% below prevailing U.K. rates.

With representation in major overseas centres

Hodson Lynch involvement and experience is world-wide. Hodson Lynch clients cover a broad spectrum of interests and activities. The Company's expertise in the financing of international trade is used by overseas governments, major banking groups, multi-national companies and a wide range of industrial and commercial enterprises.

For further information complete the coupon below or write, phone or telex us direct.

Hodson Lynch Limited, International Trade Finance, 57, South Street, Dorking, Surrey, RM4 2EZ, England.

Tel: Dorking (0306) 813566, London (01) 721 9542, Telex 22561.



Name _____ Position _____
Company _____
Address _____
Telephone Number _____

9-30 am. Monday Mr. Smith asks us for £1,500,000

And, as can easily happen, he needs the answer fast.

So we spend Monday gathering information.

Looking at his balance sheet. Evaluating his business.

By 5.30pm, having had his full co-operation, we're satisfied.

By 9.30am Tuesday, Mr. Smith has a £1,500,000 facility at his disposal. And a strong hand in negotiating. Because he knows his financing will be there—the minute his deal is successfully completed.

Had the figures told a different story, we would have said no. But we would have said it just as fast. Because, once we have the information, we can decide on loans up to £1,500,000 within 24 hours—and, on larger amounts, within a week.

These are just some of the reasons American Express International Banking Corporation is the specialist international bank for companies large and small, all over the world. Companies who have proved the advantages of complementing the services of their clearing banks with the specialist services of a bank like ours.

A bank whose foreign exchange services are available all round the world.

One that can provide export credit guarantees in all major foreign currencies.

A bank that can offer you the advantages of 66 offices in 25 countries throughout the world.

And a private worldwide communication network, so that transfers of payments, in any currency anywhere we are represented, can be made to customers' accounts at any of our branches or subsidiaries, usually within 24 hours.

American Express International Banking Corporation is owned by American Express Company, and has worldwide consolidated assets of over £1,250,000,000.

For an international company, our facilities can make a measurable difference in profitability.

If you would like to talk about the difference our services could make to your company, please telephone or write to Roger Wallis, Manager—Corporate Banking Department, 52 Cannon Street, London EC4P 4EY. Telephone 01-236 7488.

American Express International Banking Corporation



Thomson Org. surges to £5.3m. halftime

IMPROVEMENTS in most main operating divisions of Thomson Organisation led by 23 per cent. to £5.3m. halftime from £2.5m. to £5.3m. principal increases coming from the Thomson Organisation, which has been a fairly satisfactory and unforeseen circumstances, directors expect second half to be at least equal to first. The Thomson Organisation, which has been a fairly satisfactory and unforeseen circumstances, directors expect second half to be at least equal to first. The Thomson Organisation, which has been a fairly satisfactory and unforeseen circumstances, directors expect second half to be at least equal to first.

BOARD MEETINGS

The following companies have notified dates of Board Meetings for the Stock Exchange. Such meetings are usually held on the afternoon of Wednesday. Official indication as to whether dividends are payable or not is given in the following table. Dividends shown below are based upon the last year's results.

Company	Date
Associated Portland Cement	Oct. 23
British Overseas Airways	Oct. 23
British Petroleum	Oct. 23
British Telecommunications	Oct. 23
British United Assurance	Oct. 23
British United Glass	Oct. 23
British United Insurance	Oct. 23
British United Insurance	Oct. 23
British United Insurance	Oct. 23
British United Insurance	Oct. 23

Haykey were included in this result. The Board is confident that the organic expansion potential of the Group created through this acquisition will express itself in the profit figures over the years to come.

Copper operations remain an important part of the Group's interests. While in future the Group's fortunes will be less vulnerable to the movements of the copper market, the Board anticipates, with the increased level of copper prices in the current year, considerably better results can be expected in the current year.

Net tangible assets have increased by 40 per cent. from 50p to 55p per share. As at September 7 the Guinness Peat Group owned 20.3 per cent. of the equity and Rothschild Investment Trust 15.1 per cent.

Meeting Winchester House EC, on October 26 at noon.

Midway dip by Jones Group

DUBLIN-BASED mechanical services contractors, The Jones Group, reports pre-tax profits down from £546,000 to £522,000 for the first half of 1976 on turnover of £5.35m. compared with £5.06m.

First half earnings are shown at 2.52p (2.64p) and the interim dividend is held at 0.55p net. Last year's total was 2.925p paid from pre-tax profits of £1.18m.

First half tax takes £802,000 (£275,000) and, after adding a minority loss of £1,000 (profit £9,000) the available balance is £251,000 (£262,000).

ROBERTS WILKIE

Roberts Wilkie has changed its name to Cleves Investments.

Johnson & Firth Brown off £2m.

PROVIDING £0.7m. to pension fund assets into which liabilities, pre-tax profits, which have been £2.5m. to £2.6m. to £2.7m. to £2.8m. to £2.9m. to £3.0m. to £3.1m. to £3.2m. to £3.3m. to £3.4m. to £3.5m. to £3.6m. to £3.7m. to £3.8m. to £3.9m. to £4.0m. to £4.1m. to £4.2m. to £4.3m. to £4.4m. to £4.5m. to £4.6m. to £4.7m. to £4.8m. to £4.9m. to £5.0m. to £5.1m. to £5.2m. to £5.3m. to £5.4m. to £5.5m. to £5.6m. to £5.7m. to £5.8m. to £5.9m. to £6.0m. to £6.1m. to £6.2m. to £6.3m. to £6.4m. to £6.5m. to £6.6m. to £6.7m. to £6.8m. to £6.9m. to £7.0m. to £7.1m. to £7.2m. to £7.3m. to £7.4m. to £7.5m. to £7.6m. to £7.7m. to £7.8m. to £7.9m. to £8.0m. to £8.1m. to £8.2m. to £8.3m. to £8.4m. to £8.5m. to £8.6m. to £8.7m. to £8.8m. to £8.9m. to £9.0m. to £9.1m. to £9.2m. to £9.3m. to £9.4m. to £9.5m. to £9.6m. to £9.7m. to £9.8m. to £9.9m. to £10.0m. to £10.1m. to £10.2m. to £10.3m. to £10.4m. to £10.5m. to £10.6m. to £10.7m. to £10.8m. to £10.9m. to £11.0m. to £11.1m. to £11.2m. to £11.3m. to 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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Renault produces record results for nine months

By Robert Mauthner

RENAULT, the French state-owned motor car manufacturer, has beaten all its previous records in the first nine months of this year, the company's chairman, M. Bernard Vernier-Palliez, announced today at a Press conference on the eve of the Paris motor show.

The passenger car division's consolidated turnover this year is expected to be in the region of Frs.30bn. (about £2.7bn.), some Frs.7bn. up on 1975, though comparisons with last year are not really relevant because of the long strike which hit the company in the spring.

Sales of the commercial vehicles division, grouping Savin and Berliet, are expected to total Frs.9bn. in 1976, while those of Renault's industrial enterprises sector (agricultural machinery, machine tools and other activities, related to the motor industry) should reach about Frs.5.5bn.

During the first nine months of this year, 1,188,000 vehicles were produced by Renault plants throughout the world and in France where new registrations of Renault cars rose by 35 per cent. during this period compared with the first nine months of 1975. Renault cars now represent more than one third of total vehicle registrations.

Even the commercial vehicle sector, which has recently been in the doldrums, has shown a marked improvement with sales in the domestic market rising by nearly 34 per cent. so far this year, though exports are still lagging.

The company's overall exports, on the other hand, have also been doing well this year. Some 690,000 vehicles were sold abroad during the first nine months, corresponding to more than 45 per cent. of total French car exports.

Sales to other EEC countries were a source of particular satisfaction, rising by 24 per cent. Broken down by individual member countries, they went up by as much as 70 per cent. in Italy, more than 10 per cent. in Belgium, 14 per cent. in West Germany and slightly more than 3 per cent. in the U.K. Towards

the rest of the world, exports increased by 13 per cent.

M. Vernier-Palliez did not appear to be over-optimistic about the Government's anti-inflation plan, which comprises a 15 per cent. rise in super petrol prices and a sharp increase in the road tax paid by motorists, would have on the automobile industry. Clearly, there would be some adverse effects, but they should not be catastrophic, he said.

The Renault chairman, however, showed much more concern over the upheavals in the money market over the past few months to which his company, with exports totalling some Frs.13bn., was particularly sensitive. "We really have the impression that we are playing Russian roulette in some markets," M. Vernier-Palliez said, referring specifically to the sharp fluctuations of the pound in recent weeks. If this was not restored to the monetary system it would lead to a great deterioration in international trade, he said.

Pessimistic feeling at RSV

By Michael Van Os

AMSTERDAM, Oct. 6.

RSV, Holland's major shipbuilding and heavy engineering company, is beginning to feel the impact of the ships orders shortage sharply, and today's half-year statement is considerably more pessimistic about the short-term prospects than it had appeared in April this year.

The company admitted in Rotterdam today that in view of a number of setbacks, this year will be concluded with a loss. And as the situation looks at present, next year is also expected to end with a deficit.

RSV, which remained very vague in its statement as far as hard figures were concerned, noted that the first 32 weeks of this year had still shown "some profit". It added, however, that the size of the order portfolio, the re-organisation planned on its own account and the potential restructuring of the whole Dutch shipbuilding sector should eventually lead to an improved position.

In today's statement, the company said that the shipbuilding market had deteriorated further this year, while the decline in the ship-repair market had been "considerably larger" than was expected.

Further, uncertainty remained as far as the nuclear energy sector was concerned. This had arisen after the postponement of the Dutch government decision about the future application of this energy source in Holland.

Although progress had been made regarding the restructuring projects in the sectors shipbuilding and machine construction, it would take some substantial time for the effects to start having a favourable impact on results.

EUROMARKETS

\$800m. for Mexico

By Tony Hawkins

Eighteen international banks are to organise a \$800m. Euro-dollar loan to the Government of Mexico.

The Bank of America is co-ordinator of the management group, which includes a strong contingent of Canadian banks as well as American, Swiss and West German banks.

There are to be two tranches of \$400m. each—a five year tranche at a spread of 1½ per cent. above the London interbank deposit rate and a seven-year tranche at a spread of 1½ per cent. The spreads are in line with previous borrowings by Mexico.

The 18 banks are Bank of America, Bankers Trust Company, Chase Manhattan Corporation, Chemical Bank, Citicorp, Continental Illinois National

Bank and Trust Company, First National Bank of Chicago, Manufacturers Hanover Trust Company, Security Pacific Corporation, Deutsche Bank, Aigmenne Bank, Nederland, Swiss Bank Corporation, Union Bank of Switzerland, Bank of Montreal, Bank of Nova Scotia, Royal Bank of Canada, Toronto-Dominion Bank, Canadian Imperial Bank of Commerce.

The \$800m. loan is believed to be the biggest ever made to Mexico in the Euromarket. Figures published earlier this week by Morgan Guaranty Trust show that in the first three quarters of this year Mexico borrowed nearly \$1.2bn. in the form of publicised Euro-currency bank credits so that this loan will take such publicised borrowings to almost \$2bn. There is no surprise at

Mexico's decision to borrow heavily at this stage given the country's severe economic difficulties which follows the decision in August to float the Peso, leading later to the fixing of a new parity for the Mexican currency of 1980 pesos to the dollar—an effective devaluation of 37 per cent.

Both banking and Whitehall sources yesterday discounted speculation that further Euromarket borrowing by the U.K. public sector is imminent. Banking sources said that the \$500m. Electricity Council loan announced last week is going well.

Official figures show that in the first nine months of 1976, public sector borrowing abroad under the Treasury's exchange cover scheme totalled \$2.65bn.

Australian exchange proposals

MELBOURNE, Oct. 6.

MELBOURNE and Sydney stock exchanges propose to allow reciprocal access to each other's markets and to form a joint committee with administrative and rule-making powers, the Melbourne stock exchange said in a statement.

The proposals will be put to members of each exchange for approval at meetings to be held not later than December 1. The exchange deferred a meeting for Melbourne brokers to consider similar proposals, set for October 13.

Exchange sources said the moves are a first step, after long negotiations, towards the formation of a national stock exchange with members of exchanges in every capital city being able to trade reciprocally. Reuter.

U.S. COMPANIES

Gulf Oil planning to spend \$10bn.

By John Wicks

A SUM of about \$10bn could be involved in the new five-year investment programme of Gulf Oil Corporation, the company's executive vice-president Harold

J. Powell Hule, senior vice-president of Gulf Energy and Minerals Corporation International, said at a presentation here today.

As a first step, a record \$2.1bn. is to be spent worldwide on capital and exploration projects this year, as compared with about \$1.5bn. in 1975.

Over the five-year period, some two-thirds of Gulf's capital outlays will be earmarked for resource acquisition and development and 80 per cent. of total expenditure will be in North America.

Investments in Europe, where over \$2bn. has been spent to date, are to "increase substantially" in the coming years, for the third quarter of about \$1.2bn. North Sea operations were expected to add significantly to profits in future, he added. Total

North Sea engagement, said compared with the third quarter

of a year ago, and operating margins for the nine-month period were about 90 per cent. better than in 1975.

Charles J. Piliot Jr., chairman of Goodyear, said that idle plant costs in July and August plus time needed to replenish tyre pipelines in September hurt the company's earnings. He also said earnings were adversely affected by international performance especially by currency devaluations in Brazil, Mexico and the U.K.

Piliot said current forecasts indicate Goodyear will make a fourth quarter looks favourable and substantial improvement in earnings in 1977. AP-DJ.

Goodyear loss

AKRON, Oct. 6.

GOODYEAR Tire and Rubber said the four-month long rubber industry strike will cause it to report a small loss in its third quarter ended September 30.

Goodyear said however "the fourth quarter looks favourable and substantial improvement in earnings in 1977."

Statsforetag seeks funds

By Hilary Barnes

COPENHAGEN, Oct. 6.

STATSFÖRETAG, the Swedish state holding company, has been asked to consider whether private capital can be brought into the group in the form of shares.

Mr. Per Skoeld, managing director, said in a lecture to stock exchange members in Copenhagen, a spokesman for the company said that his remarks were part of a "purely theoretical discussion" but with a view to government about to take over in Sweden after 44 years of

Social Democratic administration. The remarks have aroused considerable interest.

Mr. Skoeld was reiterating a theme he has hammered out several times already this year—the need for the group to improve its solidity.

Statsforetag, with about 45,000 employees, was set up at the beginning of the decade to spearhead the Socialist Government's expansion into industrial ownership. There are 38 member

companies, among them LKAB, the Kiruna iron-ore company, ASSI, forest industries, the NJA steelworks, the State tobacco company and the Uddeholm nuclear engineering company.

Mr. Skoeld said the group had found it difficult to reconcile political demands to create new jobs with commercial viability. Its financial problems were accentuated by the fact that many of its operations are in capital intensive sectors.



Sime Darby Holdings Limited

PRELIMINARY ANNOUNCEMENT OF THE RESULTS FOR THE YEAR ENDED 30TH JUNE, 1976

The Directors of Sime Darby Holdings Limited will recommend to the Shareholders at the Annual General Meeting of the Company, to be held in Kuala Lumpur on 19th November, 1976, the payment of a final dividend of 12.5% gross on the Shares of the Company for the financial year ended 30th June, 1976. Subject to approval by the Shareholders, the dividend will be paid, less Malaysian income tax, on 1st December, 1976 to Shareholders on the Company's Registers at the close of business on 2nd November, 1976. The final dividend, together with the interim dividend of 8.5% gross paid on 29th May, 1976, makes a total distribution for the year of 20.9% gross which compares with the total distribution for the previous year of 20.0% gross (interim 7.5%, final 12.5%).

The accounts for the financial year ended 30th June, 1976 will be sent to Shareholders on 25th October, 1976 and will show:

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1976

	1976	1975
	MS000	£000
TURNOVER — External	1,166,378	1,530,557
TRADING PROFIT	124,028	114,749
Investment income	5,604	5,866
PROFIT BEFORE INTEREST	129,632	120,615
Interest payable — net	11,134	26,037
PROFIT AFTER INTEREST	118,498	94,578
Share of profits less losses of Associated Companies	11,381	10,848
PROFIT BEFORE TAXATION	130,159	105,226
TAXATION	59,248	74,519
PROFIT AFTER TAXATION	70,911	30,707
Profit attributable to minority shareholders in Subsidiaries	62,669	14,918
PROFIT BEFORE EXTRAORDINARY ITEMS	47,242	16,789
Extraordinary items	1,981	22,650
PROFIT ATTRIBUTABLE TO SIME DARBY HOLDINGS LIMITED	49,223	48,871
DIVIDENDS OF SIME DARBY HOLDINGS LIMITED —		
NET OF MALAYSIAN INCOME TAX		
Interim — 8.5% gross (1975, 7.5% gross)	4,582	4,102
Proposed final — 12.5% gross (1975, 12.5% gross)	9,637	6,532
TOTAL DIVIDENDS	14,219	10,634
PROFIT RETAINED	35,004	17,527
	cts	p
Earnings per Share — excluding extraordinary items	24.8	9.8

SUMMARISED CONSOLIDATED BALANCE SHEET AT 30TH JUNE, 1976

SUMMARISED CONSOLIDATED BALANCE SHEET AT 31 DECEMBER						
	MS000	1976	£000	MS000	1975	£000
SOURCES OF CAPITAL						
CAPITAL AND RESERVES						
ATTRIBUTABLE TO:						
Sime Darby Holdings Limited	440,800		37,333	349,414		69,150
Minority Shareholders in Subsidiaries	176,811		39,361	167,881		33,224
TOTAL CAPITAL AND RESERVES	617,611		76,694	517,295		102,374
BORROWINGS — net of bank balances, cash and deposits						
	63,348		21,076	147,505		29,211
DEFERRED TAXATION	1,312		441	3,144		424
	<u>682,271</u>		<u>98,211</u>	<u>667,944</u>		<u>132,009</u>
EMPLOYMENT OF CAPITAL						
NET CURRENT ASSETS	117,936		28,032	101,032		19,982
INVESTMENTS	35,382		3,013	42,237		9,556
ASSOCIATED COMPANIES	35,685		12,441	60,851		11,983
SUBSIDIARY COMPANIES NOT CONSOLIDATED	12,770		1,314	14,422		2,854
FIXED ASSETS	491,583		103,394	412,782		87,628
	<u>713,076</u>		<u>215,171</u>	<u>587,044</u>		<u>132,009</u>

1976 and 1975 figures are preliminary and subject to audit. The figures for 1975 are preliminary and subject to audit. The figures for 1976 are preliminary and subject to audit. The figures for 1975 are preliminary and subject to audit. The figures for 1976 are preliminary and subject to audit.

Kuala Lumpur
29th September, 1976

By Order of the Board
J.O.F. DRUM
Secretary

Unit trust repurchases fall in South Africa

By Richard Rolfe

JOHANNESBURG, Oct. 6.

THE R250m. South African bank, Rembrandt and Reed mutual fund unit trust industry. At the end of the

September 30, some funds recorded inflows and others net repurchases. But the combined figure for the industry as a whole with some funds still to report, suggests a decline in repurchases by the public for the first time in over a year.

Yields range from 8.7 per cent. to 9.8 per cent. over the 11 funds for an average of 7.4 per cent. still well under the combined yield of nearly 11 per cent. on the Rand Daily Mail 100 Index and no doubt reflecting the liquidity and convenience factor of the mutual funds.

A number of the mutuals continue to show large cash holdings, which suggests some scepticism on whether the industrial market has really turned. Guardian, managed by Guardian/Liberty funds was 20 per cent. in cash at the September 30 and over the quarter since June 30, the value of its fund dropped 1.1 per cent. against the RDB 100 8.3 per cent. Guardian faced an outflow of R57,000 in the quarter and bought Clydesdale, De Beers, Rand Selection, Barlows, Ned-

Standard Bank Mutual Fund enjoyed an inflow of R466,000 in the quarter and is currently 18 per cent. in cash. It increased its exposure to diamonds, coal and platinum and plans to accelerate its buying programme in the current quarter. UAL, a R24m. fund, bought mining finance stocks, Bishopsgate Platinum and Sappi in the quarter and was 8 per cent. in cash at the end. Its biggest holdings remained the manganese and ferro alloy producer Samcor.

Like the smaller stablemate Syfrets Intertrust Fund, UAL recorded a net inflow and a combined inflow for the two funds was R238,000. Syfrets sold all its direct gold holdings in the quarter and bought Rustenburg Platinum and more diamond exposure through Anamint. The small Afrikaans fund, Santam, had a net outflow, likewise sold all its golds, and made few other changes. It was 21 per cent. in cash at September 30.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Offer	Ask	STRAIGHTS	Offer	Ask
1000 3/4 1980	100.00	100.00	1000 3/4 1980	100.00	100.00
1000 3/4 1981	100.00	100.00	1000 3/4 1981	100.00	100.00
1000 3/4 1982	100.00	100.00	1000 3/4 1982	100.00	100.00
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1000 3/4 1986	100.00	100.00	1000 3/4 1986	100.00	100.00
1000 3/4 1987	100.00	100.00	1000 3/4 1987	100.00	100.00
1000 3/4 1988	100.00	100.00	1000 3/4 1988	100.00	100.00
1000 3/4 1989	100.00	100.00	1000 3/4 1989	100.00	100.00
1000 3/4 1990	100.00	100.00	1000 3/4 1990	100.00	100.00
1000 3/4 1991	100.00	100.00	1000 3/4 1991	100.00	100.00
1000 3/4 1992	100.00	100.00	1000 3/4 1992	100.00	100.00
1000 3/4 1993	100.00	100.00	1000 3/4 1993	100.00	100.00
1000 3/4 1994	100.00	100.00	1000 3/4 1994	100.00	100.00
1000 3/4 1995	100.00	100.00	1000 3/4 1995	100.00	100.00
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1000 3/4 2004	100.00	100.00	1000 3/4 2004	100.00	100.00
1000 3/4 2005	100.00	100.00	1000 3/4 2005	100.00	100.00
1000 3/4 2006	100.00	100.00	1000 3/4 2006	100.00	100.00
1000 3/4 2007	100.00	100.00	1000 3/4 2007	100.00	100.00
1000 3/4 2008	100.00	100.00	1000 3/4 2008	100.00	100.00
1000 3/4 2009	100.00	100.00	1000 3/4 2009	100.00	100.00
1000 3/4 2010	100.00	100.00	1000 3/4 2010	100.00	100.00

THE TOR INVESTMENT TRUST LIMITED

The Fifteenth Annual General Meeting of the Company will be held on the 29th October, 1976.

FINANCIAL SUMMARY FOR THE YEAR ENDED 31st JULY, 1976

GROSS INCOME: £477,973 (1975—£461,101).
DIVIDENDS: Income Shares: 16.2% (18.45% including bonus of 1.3%). Capital Shares: 1.68% (1.64% including bonus of 0.13%).
NET ASSET VALUES: Income Shares: £24.46 (49.35p). Capital Shares: £19.52p (44.30p).
DISTRIBUTION OF INVESTMENTS, by Market Value: United Kingdom: 58.4%, Australia: 5.8%, North America: 27.2%, South Africa: 2.9%, Far East: 4.4%, Europe: 0.3%.

The following are extracts from the Statement of the Chairman, Mr. J. V. Woodham:

For the previous year a total dividend on the Income Shares of 16.2% (23% gross) was paid, with a bonus of 1.3% (2% gross). This year it is proposed to pay a Final Dividend of 8.75% making a total for the year of 16.9% (23% gross). On a gross basis this year's proposed distribution of 23% compares with 23% plus 2% bonus, 21%, 19.5% and 18.3% in the four preceding years. The accounts show a revenue retention of £27,322 which if the estimated revenue for the current year is also achieved should enable the Trust to continue its progressive dividend policy.

During the Trust's financial year, the F.T. All Share Index rose by 22%; the Dow Jones Industrial Index by 17.8% but the Dollar Premium fell by 27%. The total net assets of the Trust rose by 14.4%. The Trust's investment policy remains to achieve a high income for the Income Shareholders while maintaining between 40% and 50% of the portfolio in overseas securities for the benefit of the Capital Shareholders. This year the Trust celebrates its 50th Anniversary as the first public investment trust in Wales. Investment management is a long cross country run, not a 100 yard sprint and the record of the Trust shows achievement and stamina.

Copies of the Annual Report can be obtained from the Secretary at the Registered Office—6, Caer Street, Swansea.

Weekly net asset value
on October 4th 1976:
Tokyo Pacific Holdings N.V.
U.S.\$ 38.42
Tokyo Pacific Holdings (Seaboard) N.V.
U.S.\$ 28.22
Listed on the Amsterdam Stock Exchange
Information: Pieraccini, Holding & Pierson N.V., Herengracht 214, Amsterdam



London Merchant Securities

DOWN again as mic-session rally fails

FOREIGN EXCHANGES

Pound falls again

GOLD MARKET

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PENSIONS

Provision of adequate pensions has become a central issue in modern society. In Britain the political approach is now bipartisan and recent legislation has made big strides towards the ultimate goal, but inflation remains a constant problem for both State and private schemes.

مكتبة البرلمان

AN ADEQUATE pension is one of the most essential if one is going to enjoy retirement, though it is not the sole requisite. Suitable housing, good health and a positive outlook are equally necessary. But successive Governments since the war have failed to find an overall solution to poverty in old age. The flat rate pension has proved inadequate for many pensioners, of whom over 2m. have had to rely on supplementary benefits to make up their income.

Now the latest attempt, the Social Security Pensions Act 1975, is on the statute book. It seems virtually certain to be implemented, unlike its two predecessors the Crossman and Joseph plans, since the Conservative opposition has pledged not to repeal it or make any drastic alterations. This bipartisan approach to pensions has been very welcome after years of treating pensions as a political football.

But will it succeed in completely removing poverty from old age and the need to rely on supplementary benefits? Its chances of doing so look reasonable. The scheme has moved away from flat rate benefits to a pension that expressed as a percentage of salary is higher for the lower earnings.

Thus a person on one-half of National Average Earnings (NAE) will get a married couple's pension of 100 per cent. of earnings and so avoid a drop on retirement. If the couple can live at this earnings level, which seems amazing to many, then the pension should keep them above the poverty level.

But will the pension be adequate? This is a different question and it is doubtful whether it will be considered so for the higher paid. Most people would regard a pension as adequate if there were not too big a drop in income on retirement. The proposed scheme has a ceiling on benefits, the cut-off point being on earnings at about 1½ times NAE. At this level, a married couple's pension is less than half of pre-retirement earnings. Since two-thirds of final salary is now the accepted norm for pension provision, the State scheme benefits may well fall short of the reasonable expectations of the higher paid.

Memorial

Fortunately, the new scheme envisages a working partnership with good occupational pension schemes and the terms of that partnership provide a lasting memorial to the late Mr. Brian O'Malley, As Minister of State for Social Security until his second year. He was the person responsible for bringing to the pensioners industry and ensuring that occupational pension schemes will be able to

operate within the new framework on realistic terms. Employees will be allowed to contract-out their employees from the second earnings-related tier and provide pensions through a private scheme. In this case much higher benefit levels up to the Inland Revenue maximum of two-thirds can be provided, with no ceiling imposed.

This provision of higher

comparatively short period in which to complete all the required procedures. April 1978 may still seem a long way off, but employers have to consult the Department of Health and Social Security on equal retirement ages, as well as consider a host of complex detail and comply with a mass of regulations.

The other revolutionary features of the new State scheme are the complete inflation-

proofing of pensions and the equal status of women with men. This latter concept is also examined in detail in a later article, but it does have cost implications for employers in occupational schemes—women will require higher contributions for the same pension as men. This cost differential could have been virtually eliminated had the Government taken the opportunity to bring in equal retirement ages in the new State scheme. The Occupational Pensions Board has pointed out that true equality cannot be achieved until there

The operation of indexing has to date revealed two major flaws of private schemes which do this is still very small, although it is now an established feature of public service schemes. There is a danger that in future there will be two pension worlds—those with an index-linked pension and those with out. The controversy over the linking of civil service pensions to the Retail Price Index, resulting in massive increases at a time of pay limitation, has shown the extent already of these two worlds.

But employers would be taking on a very heavy additional financial burden by guaranteeing inflation-proofed pensions. The subject needs very serious consideration. One possible solution could be to accept half salary on retirement that is index-linked, rather than two-thirds pension with no revaluation.

precipitates when inflation is in double figures. But the number of private schemes which do this is still very small, although it is now an established feature of public service schemes. There is a danger that in future there will be two pension worlds—those with an index-linked pension and those with out. The controversy over the linking of civil service pensions to the Retail Price Index, resulting in massive increases at a time of pay limitation, has shown the extent already of these two worlds.

the security of pension schemes can only be brought about by passing the appropriate laws. Pension fund managers regard this trend as limiting the freedom under which the private pension industry has flourished in the past. Employers who opt for the State scheme will be buying an inflation-proofed investment and also avoiding the complex administration involved.

Safeguarding the value

By Eric Short

Nothing

Finally, what will this new scheme, hailed as a milestone in pensions history, do for the present pensioners and those shortly to retire? The answer is precisely nothing. The scheme will only be paying full benefits to those who retire in 1988 and later. From 1978 benefit levels will increase gradually to the full maturity value. The Government, rightly or wrongly, has decided that this is the only way to change from flat rate to earnings-related pensions without putting too great a strain on the economy.

However, it must appear to present-day pensioners as very unfair that future generations of pensioners will receive higher pensions in relation to NAE than they do. Given the current economic situation, a simple solution to the demands of current pensioners does not seem possible. The Government still has a lot of unsolved pensions problems on its plate.

The lack of buoyancy in the investment field is possibly the biggest problem facing pension fund managers at the moment. The threats of investment direction by various Left-wing members of the Labour Party and some trade unionists must add to the uncertainty and make employers wary of funded schemes since they pick up the tab at the end of the day.

The other disturbing trend is the growing volume of complex legislation now affecting all aspects of pension schemes. The present Government feels that

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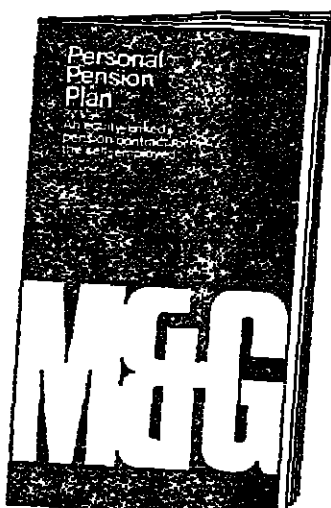
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Contracting-out provisions

ALL GOVERNMENT spokesmen in discussing the new State pension scheme have laid particular emphasis on the importance of the partnership between State and occupational schemes. They have continually stressed the aim of encouraging good occupational schemes—and the 1975 Act and its accompanying regulations sets out the terms of that partnership. But the accent has always been on the word "good." The provision of schemes providing a low level of benefit is over, at least as far as contracting-out of the State scheme is concerned, a move generally welcomed by the pensions industry.

Designed

The minimum conditions which pension schemes have to provide in order to qualify for contracting-out are given in the accompanying table. They may look complex to the layman, but they are designed to ensure that no employee in a contracted-out scheme will be no worse off than if he had stayed in the State scheme, whether he stays with the company to retirement or whether he leaves before that date.

This seems very reasonable to the layman and the pensions industry accepted the principle. The main concern was that the employer should not bankrupt himself in the process, hence the complicated terms for revaluing Guaranteed Minimum

Pension for early leavers which were hammered out after long discussions between the Government and the pensions industry. In return for providing these benefits, there will be an abatement of contributions to the State scheme of 7 per cent. of relevant earnings—2½ per cent. to employees and 4½ per cent. to employers. This rate will be reviewed every five years. How do these terms stand in relation to the financial feasibility regarding contracting-out? The Government Actuary calculated the 7 per cent. abatement taking into consideration the whole experience of the pensions industry. So it is an average figure and the pensions industry regards it as such as being just about adequate but by no means generous. After all, the State scheme benefits have to be paid for.

But since it is an average figure, some schemes will be financially better off by contracting-out and some will be worse off. There is no blanket solution and each scheme will have to be judged on its merits.

MINIMUM REQUIREMENTS

A pension of at least 1/80th of final salary or average revalued annual salary for each year of contracted-out service to retirement plus a widow's pension accruing at the rate of 1/160th of salary per year.

To provide a Guaranteed Minimum Pension (GMP) for each employee corresponding to the additional pension he or she would have earned had they remained fully in the State scheme.

To revalue this GMP up to age 65 for men and 80 for women in respect of members who leave after at least five years' scheme membership on one of the following bases:

- At a fixed rate, currently 8½ per cent. per annum;
- At a rate not exceeding 5 per cent. per annum, plus payment of a Limited Revaluation Premium to the State scheme;
- In line with the growth in the general level of earnings.

Employers should contact their pensions consultant on this point, if they have not already done so.

There are, however, two categories of employees where it will be more expensive to contract-out. The first is women. One main theme of the new

pension provision is equal status for women, but since they retire early and live longer, pension provision is more expensive and the employer has to bear the cost, it is cheaper in the State scheme.

The other category is the older employee. The State

scheme provides full benefits regulations impose a legal obligation after 20 years, whereas an occupational scheme in general and their trade union representatives on the ultimate decision thus ensuring that the private scheme provides GMP for the would be as well to seek the older employees can be more employees' views in advance.

Levels

Not only does private provision mean higher benefits; it enables employees to negotiate their own pension levels. In the State scheme the dialogue is on higher benefits than the State, a Government-TUC level. Many so naturally the contributions employees are very concerned will be higher. But trade unions about their own pension scheme have warned employers that and are beginning to take a they will not accept the State much greater interest in it.

The other considerations involved in the decision are the extra administration of a private scheme and the investment risk. The Government has not exactly lived up to its stated intention of encouraging private schemes by imposing a mass of complex legislation on employers and pension fund managers. If it ensures that member participation is a reality, then the members' interests will automatically be safeguarded. This view seems to have escaped the planners.

Many employers and investment managers have not for- gotten the 1974 bear market and what this would have meant to 35 per cent. a 2½ per cent. pension funds had it continued. Contracting-out into a fully cent. gross. This situation funded private scheme is counts very much with expressing one's hope in the employees. But if that does not come right, the financial grounds, important the least of the employer's though they are. They should also take into account employee relationships. Indeed, the

Eric Short

Self-employed avenues

ONE OF the major perks for working for a company is the pension it can provide. Provided you stay with it for long enough, the end result can be quite attractive. Self-employed people have rather more difficulty in providing their pensions—their ceilings are restricted. But that fact should not deter them from taking some form of savings for retirement.

Essentially, the types of schemes offered by most of the insurance companies for self-employed are the same structurally as an occupational pension scheme taken out by an employee of a company. You pay premiums to a life assurance company on which you are allowed full tax relief at both basic and higher rates. On retirement (which can be between 60—and since the 1975 Finance Act—75) you start to receive a pension based on what your savings have amounted to. Usually, the lump sum accumulated is used to buy an annuity which provides the monthly income. The pension you receive is treated as earned income—but because of the married man's allowance, the first £1,585 is normally tax-free.

The amount you can get on a pension depends on your annual premiums. To qualify for tax relief, there is a ceiling at 15 per cent. of your earnings or £2,250 (with some specialised exceptions depending on age). The exact amount that this will buy for you in the market depends on annuity rates when you retire, and other investment factors.

When taking out your policy you can choose whether to pay fixed regular premiums or variable annual premiums, which do provide that extra flexibility. The next decision is what

kind of retirement policy to take out. There are three basic types in the market, each with its own pros and cons.

The first is a conventional with-profits policy. In this case the insurance company will declare bonuses over and above the accumulated sum guaranteed for your retirement. These bonuses depend on conditions ruling in the stock market, property market and fixed interest market that help a life insurance company earn its profits. In the past, this type of policy has been able to keep up with moderate inflation rates.

In a unit-linked policy your premiums are invested in a specified fund (made up of equities, property, fixed interest, or a combination of all three) whose prices are usually quoted in the financial Press. The value of your accumulated sum will vary according to the value of this underlying fund. The final result is less predictable than a with-profits policy, but the eventual sum accumulated could well be greater than the guaranteed sum under a with-profits policy. The danger, however, is that the equity or property market is depressed just at the time you want to retire. In that case the annuity you will be able to buy will be limited.

The third type of contract is a non-profits, where a specific premium buys a guaranteed pension. This is only suitable for people who want to retire within a few years of buying the contract.

Additional

Self-employed pensions are available to directors, partners and employees who are not eligible for an occupational pensions scheme. There are also "top up" schemes for directors that can be tailored to each person's requirements, as an additional executive perk.

The benefits under these types of schemes are specified by the Inland Revenue to qualify as policies where premiums can be tax-deductible. The limit is two-thirds of your final salary on retirement, provided you have had at least 10 years' service with the company. The whole, or part, of this pension may be exchanged for a lump sum, free of tax. The maximum cash that can be taken in this way is an amount equal to 1½ times final salary for an employee with 20 years' service. For employees with shorter service, the cash amount is scaled down.

In the event of death before reaching retirement age, your estate would be entitled to a cash lump sum equal to four times your salary, plus a widow's pension equal to four-ninths of your salary (if you have completed ten years' service), and a refund of your own contributions with interest. If you die after retiring, the widow's pension is equivalent to a maximum allowable four-ninths of final salary, as before. There are two approaches to the provision of the retirement benefits in practice. One is to contribute a fixed amount or a fixed percentage of salary each year. This is called the "money

purchase" method, and here there is no attempt to relate the prospective pension to your final salary. The other method (called the "target pension") is to relate the pension to a final salary.

Contributions will start at a level which will provide the required pensions benefits, although this level will vary from time to time. One popular level of benefits is based on what has become known as the "sixtieth" rule. Under this, a pension of 1/60th of final salary for each year of expected service is granted, thus providing the maximum pension allowed by the Inland Revenue of two-thirds of final salary.

When taking out a contract it is also usual to decide what kind of increases you want in pension payments once the benefits have started. In most cases this will mean starting at a slightly lower base rate, but then at least you have a built in protection against (a low) rate of inflation.

One example of this type of contract is The Equitable Life's "Individual Pension Plan," based on a with-profits scheme. The projected accumulated sum for a man aged 35 next birthday paying £100 premium a year is £16,205. Based on guaranteed annuity rates, this is equivalent to a pension of £1,872 a year. Alternatively, you can receive £1,531 in the first year and get an increase of 3 per cent. compound each year. (These quotations would in fact be rather higher at current annuity rates.)

This article gives the basics of the different schemes on the market. If you are interested in finding out more, there are two excellent hand books: "Self-employed Pensions" and "Executive Pensions and Benefits" both published by Fundex. Alternatively, you can ask your insurance broker for advice, including various quotes on the market, which has become very competitive in these types of schemes in recent years.

Roy Levine

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Terry Garrett

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Occupational schemes

THE very base of every company does give the extra bit national pension scheme is of security not offered by self-
overriding decision as to investment unless by a very
the benefits selected should large fund.

Another advantage is that the proportion of funds that has to be held in liquid form to meet the day-to-day requirements of the fund is generally much smaller. Indeed, because of the sheer size of funds under insurance, house investment, the regular inflow of cash can be used to meet daily requirements, thus leaving the fund to be as fully invested as it wants. This traditional argument is based on the view that liquid assets have a below average yield. But with the current high interest rates this loses some of its relevance in the short term.

Return

mother is for an employer to set up his own arrangements, the aid of outside expert is. In this way he provides own administration and ties out his own investment somewhere between these two managed funds. In this case employer looks after the administration, but his premiums are pooled by an insurance company and invested. Though there are no guarantees provided on capital or yield, usually the differences between insured and self-administered schemes are wide. They really cater for differences of the market.

Return

Yet a potential investor through a pension fund must look at the guaranteed return, for any reasonably competent investment manager can get an adequate spread of investments assuming that the fund is of a certain size. So it is return that is important; and the return offered by most life offices is hardly enticing, though to be fair it is of course guaranteed. Still, a return of little more than 10 per cent, including bonuses, is hardly exciting in these inflationary times, particularly at

answer

he size of the company has a
or effect on the decision of
ther to be insured or self-
administered. For very small
panies there is little doubt
insurance is the only real
wer. Technically it becomes
cult for a small company to
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here are several advantages
using an insurance company.
it, it takes all the strain off
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of great help to smaller
panies. The latter cannot
rd to take on the risk of
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investment spread offered by
getting through an insurance

In theory a self-administered
fund with exactly the same in-
vestment advice as an insurance
company should be able to
better the overall return, and
this is obviously the reason that
many groups decide to invest
through a self-administered
scheme. There are several ways
of operating one's own pension
scheme although the setting up
of a separate entity is the only
truly satisfactory method though
it is worth having a look at the
others if only to point out their
pitfalls.

First is the unfunded
scheme, which although simple
to operate has very little else
to commend it. For documenta-
tion, all that is needed is a

understand and the contracting-out procedures are even more complex. The top officials of a trade union are much better equipped to understand the reasoning behind an employer's decision and then negotiate on the situation. The second argument of the unions is that only they can provide the necessary expertise and technical back-up in what is a very complex subject. Here the unions are on slightly shaky

Local

But many company industrial relations managers feel that the local shop steward is much more concerned about the wishes of his members and how they are provided than would be the top union officials. The impression conveyed by many leading unions and by the TUC itself is that they are still wedded to the idea of State pension provision. Some unions, like some employers, are much better at communications with professional way. GMWU appointed a pensions expert. Mr. Harry Lucas, a capable pensions department has been built up that can handle all aspects of pensions.

But other unions, and they are still the majority, have been much more amateurish in their approach. It takes a lifetime to become knowledgeable in the pensions field, expertise cannot be acquired in a two-day crash course. The claims by these unions to be able to offer

The other area—being involved in the running of pension schemes—is much more contentious. The principle of membership participation is now accepted by most of the pensions industry. The opposition has been about giving the unions the sole right to nominate those members. The industry is very much in favour

Demand

The other main fear of pension managers is that the public utterances of union leaders regarding investment will be translated into practice when they have a say in the running of schemes. The union demand that since pensions are deferred

The other main point of contention from most sections of the pensions industry and the CBI is that member representatives should be actual members of the scheme and that non-union members should have representation. Most favour some sort of election of the representatives by the members with the co-operation of the unions involved.

The rebort of the trade unions to these suggestions, which to the layman seem reasonable, has been bitter and forthright. To start with, the unions regard with contempt non-union employees. They refer to them as "free-loaders" who ride on the back of the unions—getting all the benefits from union negotiations but not paying the union dues or conforming to union discipline. The theme is that the unions negotiate pension benefits, therefore unions

E.S.

straightforward letter from employer to employee stating the size of benefit the would-be payee has. However, the paying out of benefits from the revenue account is of little financial merit for the employees who are wholly dependent on the continued prosperity of the company.

Another possibility is the creation of an internal reserve. This has an advantage in that the company knows the exact extent of its liabilities, but for employees there is little more security than paying benefits direct out of revenue. In both cases, employee contributions are impracticable, and the schemes are rarely used in the U.K. So the setting up of a line where a company should become self-administered or go to a pension fund. A rule-of-thumb guide is that any company with over £75,000 a year going into its fund should go for self-operation though the figure is somewhat arbitrary. Meanwhile, a managed fund is neither one thing nor the other. The employer still has to look after the administra-

separate legal entity is by far the best method whether invested through an insurance company or self-administered. Although the life offices will offer to do it for a fee, and while the funds are pooled by the insurance company, and

The basic difference between an employer and self-administered scheme is one of investment, assuming in the first place that the employer is of sufficient size to graft the pensions administration on to the existing personnel department. This is not very different, especially where a computer is in use.

Withdrawal

So why turn to an insurance company for investment? After all it can be argued that an insurance company is not a logical vehicle for investment. For insurance is about risks, and the only significant risk in pensions is if the employee lives beyond the normal expectation. Some pension consultants argue that the only part of pension arrangement that should be handled by a life office is provision for death-in-service, particularly if the widow is catered for by a lump sum. Death-in-service is the sort of risk which should be insured as it is a true risk, though a relatively large fund can act as its own insurance company in this respect.

For example a company which has been investing for some years through an insurance company would have to face costs of withdrawal. However, if it transferred the funds to the insurance company's managed funds the costs would probably be less. A managed fund may also prove right for those who wish to become self-administered at a later date and are using the managed fund as a temporary investment vehicle.

Both insured and self-administered schemes have their advantages and disadvantages, and there is no black and white as to who should go for which, except perhaps that a very small employer should go to an insurance company and a

However, it is equally true that current and past employees must be protected and investing through an insurance company does give certain guarantees. But then could not a reasonably large self-administered fund act

PENSIONS IV

Dilemma of the managers

LIFE HAS not been easy in the past few years for the managers of Britain's multi-billion pound pension funds, which invest more than £12bn. on behalf of millions of workers and pensioners.

Handling resources ranging from £1bn. in the case of the three National Coal Board funds to a few million pounds or less for modest-sized company schemes, the investment directors have had to contend with record inflation and unprecedented swings and uncertainties in stock market prices. They have also had to face a nasty slump in property values—a field where many have sought a safe and trouble-free long-term hedge against the impact of inflation on their investments.

The managers have also had to keep an eye on the political context of their activities. It is illustrated typically in persistent claims that the institutional investor has failed to put up the capital industry needs for expansion. Against this background, the investment chiefs have constantly had to consider whether they have rightly balanced their duties to their pensioners with whatever can be correctly claimed to be their responsibilities to the community.

By any standards the pension funds are now among the country's most important institutional investors, their £12bn. plus resources placing them only second in size and influence to the insurance companies, with £30bn.

Their investment strategies are therefore vital to the trend of markets as well as of those in industry and elsewhere requiring financing. Whether the policies they have followed in recent years can justifiably give rise to criticism is a matter for continuing debate, but what is undoubted is that there have been very large variations from time to time in the deployment of their resources.

Thus in 1974, when equity share markets were falling to a 20-year low, the pension funds put relatively little (£150m.) into ordinary shares, while in 1975—when offers of rights issues revived strongly and the share market more than doubled in price—the funds bought almost £1.2bn. of equities.

Whether the pension managers' decisions were the result of the cause of the market's volatility is a matter for argument, which often takes place with strong political overtones.

Clearly there was considerable interplay between the two trends, so that the equity market fall would probably have been slower had the pension funds been stronger buyers. On the other hand, the managers would argue that they would scarcely have been discharging their duty to millions of present and prospective pensioners had they thrown large funds on to a share market depressed by plenty of other factors.

Another body which is acutely interested in the funds' investment strategy is the Government, particularly at the moment when it has an £11bn. Budget deficit to finance in 1976-77. And all the signs are that the pension funds, after a somewhat intermittent pattern of buying so far in 1976, are likely to be substantial buyers of Government gilt-edged stocks this year. In 1975, £930m. of the £2.46bn. they invested went into gilts.

Prominence

Discussion of the political and national importance of how the funds invest their money has assumed increasing prominence in recent months. One illustration of this is the Labour Party National Executive's recent proposals in "Banking and Finance"—now adopted, against Government recommendation, by the Labour Party Conference

—for nationalisation of the Big Four banks and the seven largest insurance companies.

Criticism in the paper of the role of the pension funds can be illustrated by two typical quotations: "The spectacular property boom of 1972-73 was fuelled by funds provided by the insurance companies and pension funds..." and "Institutional purchase of equities has also followed a violently cyclical pattern, the rate of net acquisition of ordinary shares by insurance companies, pension funds, and investment unit trusts dropping by over 25th per cent. year between 1972 and 1974."

Sensitivity of pension fund investors to attacks of this kind has been one factor behind the funds' response to two recent new ventures to fill possible gaps in the range of available sources of finance for industry. One is the City's £40m.-plus equity bank, Equity Capital for Industry, just set up under industrialist Lord Plowden to channel capital to companies unable to raise it on the open market.

Not without much heart-searching on the need for—and likely return on—such cash, the pension funds put up £15.25m. out of a requested £17m. or this project. They also provided some backing for the loan stock raised last year for the other new scheme—the bank-backed Finance for Industry's medium-term facility, planned to be of up to £1bn., for lending to companies. So far, however, this has been comparatively little used and the call on the institutions to finance it has as yet scarcely been onerous.

Criticised though the pension funds have been about the volatility and direction of their investment, their decisions on the deployment of their funds have undoubtedly been prompted by a desire to get the right balance of safety, yield and capital appreciation on their funds. And in the widely fluctuating markets and inflationary

conditions of recent years, this has often dictated sharp changes of direction. Whether all decisions have been right is much more questionable. A number of pension funds, and insurance companies, got their fingers burnt by participating in property and secondary banking during the boom phase of the earlier 1970s before the recent troubles.

Longest

Pension funds are perhaps the longest term investors of all since the pay-out to a pensioner may often begin up to 40 years after he begins to put contributions into the fund.

In conditions where inflation is on average eating away the real value of money by around 20 per cent. annually—as in the past two years—it becomes highly important for long-term investors like the pension managers to follow investment policies which as far as possible protect the true worth of their funds.

At the same time, the funds, with pensions to pay and a tax position as gross funds, which makes high income valuable, cannot neglect the advantage of present high yields on fixed interest investments, such as long-dated gilt-edged stocks, now returning 15 per cent.

Over the years, however, the funds have increasingly diversified beyond the traditional fixed interest field through which, in non-inflationary conditions, investment outlay could be arranged neatly to match future income with liability to pay future pensions. In order to protect the real worth of their money they moved first into ordinary shares, in the hope that prices of these would rise in step with living costs. When this anticipation was often disappointed, the funds widened the range of their investment outlets and many looked to property—often through direct purchases of large buildings, and sometimes through partner-

ships with property or financial companies.

The latter circumstances at least, however, often failed to produce the hoped-for alchemy. A number of funds suffered losses, such as those of the National Coal Board and the electricity supply industry, through their backing of the troubled Cedar Holdings second-mortgage concern, ICI's in its 5 per cent. stake in the collapsed Triumph Investment Trust, and the Post Office's through its link with the troubled English and Continental Properties.

Still more recently, overseas shares and property have been picked by some funds on the hedge against a falling sterling rate, although against this must be set the high level of the investment premium.

In their continuing quest for the right apportionment of holdings to obtain security, return and gain, the pension funds choose differing formulae with the norm in a number of cases being a roughly equal split of holdings between equity shares, gilt-edged stocks and property. Many, however, diverge from the trend. The big Post Office pension fund, for instance, has lately been favouring overseas property, particularly in the U.S. and Canada, in view of the volatility of stock markets; it also has a controversial big property venture, Piparim, in Paris, in which it has lately bought out as stake of Sir James Goldsmith's Argyle Securities.

Unilever's fund remains quite strongly orientated towards equity shares, while the National Coal Board also favours shares. In April 1975, the last date for which published figures are available, the £240m. portfolio of the NCB's staff superannuation fund was invested as to 41 per cent. in equities, 29 per cent. in property, 13 per cent. in gilts, £930m., while land and property, loans and mortgages together absorbed £600m., but cash and near-cash balances were drawn down by over £300m.

So far this year, there have been some continued buying of ordinary shares, though at a slower pace as the flow of rights issues has abated and the recent downturn in share prices has created a sombre background. However, pension funds were, both at the beginning of the year and in May, quite substantial buyers of gilts and signs are that they have been in the market again lately, notably by subscribing to the new sell-out stock Treasury 14½ per cent. 1984, yielding well over 15 per cent.

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So far this

For women still an area of inequality

AS the jobs of housewife, bringing up children, caring for elderly and sick, remain a free service country—and certainly the State or employers' adequate nursery facilities working parents—there always be a very sizeable of the community who suffer from unequal opportunities and who will be differently in old age and the majority of this situation is if anything, now being given to the of contributory pensions as deferred pay. Clearly, all pension schemes—and above the flat-rate, 1971 actually revealed that pension—whether private or public—are either based on the fact that the husband is the breadwinner and the wife is the dependent. One major though incomplete step forward in the 1975 Act was to enable a husband to receive a pension from his wife's contributory scheme should she die first. A measure of inequality still remains here, however, for it is only available to the husband if the wife is the breadwinner when she dies. A widow, meanwhile, still automatically benefits from her husband's scheme if he dies because the law still assumes her dependence on him.

But at least for the first time under Barbara Castle's legislation a woman's contributions to a pension scheme before she marries are not necessarily lost. The old "half test" in which she was denied her own pension if she had not paid contributions for half her married life has been abolished.

In addition, for the first time, some recognition is given to the social welfare pressure on wage earners who spend a large part of their life looking after children or elderly and supplementary pensions for sick relatives. But to qualify for a full pension, these people will still have to have been in paid employment—and under the State scheme—to have paid their quota for at least 20 years.

Another inequality partially ironed out by the Act is the "gender" of a woman's contributions. A concession that was never available to men.

But the law in many respects still fails fully to recognise marriage as an equal partnership. A number of uncertainties and anomalies remain. In the case of the 20-year rule, for instance, it is not thought likely that men who spend time looking after children or relatives will get the same treatment. Certainly there has been no clear direction on this.

It also remains difficult to see how an average married woman in the inequalities that exist in State and private contributory schemes before care for, say two children until

school age, can receive a maximum pension. The Act has still not put this within her reach in spite of ruling that the terms of entry into pension schemes must be equal for men and women.

Previously pension schemes admitted men at 21 but only accepted women at 25, thus making it impossible for women who also have to retire five years earlier than men to aspire to a maximum pension where contributions have to have been made for 40 years. Now the maximum is almost available and no doubt pressure will be put on pension schemes some time in the future to lower the entry age a little further to correct the anomaly that still exists.

Such action could be superseded by a move to raise women's retirement ages on an equal basis.

That the difference in life expectancy between men and women should no longer be taken into account in pension benefits and in contributions made by members of pension schemes is in fact the main theme of the Occupational Pension Board report.

The task of the Board, as directed by Barbara Castle after last year's Pension Act was to show how equality could be fully achieved in occupational pension schemes and one of its most far-reaching proposals—the report having been largely accepted by the Government in its latest consultative document—is that identical benefits should be available to men and women where identical contributions have been made in identical situations. Of particular importance is the Board's adoption of the retirement age for anybody is not the

trades unions' idea of progress. Moreover, women who have been unequally treated in employment throughout their working lives would have considerable justification in regarding the sudden imposition of an extra five years' work as a breach of faith.

But to lower the pension age for men to 60 would be extremely costly. Latest estimates are that it would cost at least an extra £2bn. And so long as the Government feels it cannot afford the change it will probably not feel able to impose it on private schemes either.

Meanwhile, splitting the difference so that everyone retires at 62½ would still cost an extra £700m, or so—and would also invite similar criticisms to those that would emerge if the common retirement age were put at 65.

The debate has a curious ring to it at a time when the Government is offering £23 a week tax-free to those who want to retire a year early and release jobs for the unemployed young. But even with suggestions that women should be invited to volunteer to work to 65, a solution to the problem seems a long way off.

In the meantime, women who are only this year benefiting from the full enactment of the equal pay and sex discrimination laws have another long wait before they can expect equal treatment in pensions. The Social Security Pensions Act will not be fully implemented until 1978 while the proposals of the Occupational Pension Board have still to go through the process of legislation.

Pauline Clark

Lengthy

Naturally, this has given rise in the report to lengthy consideration of whether changes can be made that would bring together the retirement age for both men and women. In fact, the Board emphasises that before this is achieved there can be no true equality in company pension schemes for men and women.

The options are either to raise the retirement age for women to 65, lower that for men to 60, or take something in between for both—such as 62½. But each would involve serious difficulties. To raise the retirement age for anybody is not the

Choice of expert advice

PENSIONS are becoming increasingly complex and consequently the need for expert advice is greater than ever. At the same time employers are demanding greater sophistication from their advisers as they and their employees react to the inadequacies of the State pension as it stands today.

The problem for the employer is that he is faced with a confusing number of specialists to choose from. Consulting actuaries, insurance brokers, insurance companies, pension consultants, merchant banks, accountants and solicitors all offer advice of one sort or another. The art is in finding the one which can offer the best all-round service.

Tended

At one time insurance brokers and consulting actuaries dominated the field. Actuaries tended to recommend their clients to opt for self-administered schemes, while the insurance brokers usually suggested setting-up schemes through a life office. It was not easy for employers to know whether the advice they were being offered was truly objective. Considering that both the brokers and actuaries were experts the employer could be forgiven for wondering why their opinions differed so consistently. Still, the position does seem to be changing—even if the employer is still confused as to whom he should approach.

There does appear to be a growing amount of professionalism about pension advice, with the increasing number of pension consultants and consulting actuaries. The larger of both groups are now very similar in their operation. In addition, a trend towards acting on a fee basis rather than relying on commission from insurance offices has been instrumental in creating a higher degree of impartiality. Advice from one of these sources (not forgetting that most of the larger insurance brokers have hived off a consultancy arm as well) is essential for an employer wanting a bit more than an "off-the-peg" scheme from an insurance company.

Nowadays the consultant (I use the term to cover consulting actuaries, pension consultants and some of the insurance brokers) must offer a wide range of services, all of which the employer will need to use.

Finally, the field of communications is vital, for a pension scheme, no matter how good, will only be as good as the employees think it is. In fact the communications part of the job is taking an increasing part of the consultants' time as unions and employees become more aware of pensions as deferred pay.

If on the other hand the various specialist requirements are provided by a multitude of advisers the consultant's job must be to consolidate all the various advice into a comprehensive strategy for the client.

Coming back to the area of communications this is a field which has been seriously neglected for far too long. Bearing in mind that employees are often contributing a considerable sum over the course of a year towards their pension it is incredible how little they usually know about the scheme. In fact one pension consultant was quite amazed at the number of finance directors he found who did not really understand their own pension scheme, particularly when it was insured with a life office.

Exercise

It is essential that employees are made aware of what is being provided for them, if only as an industrial relations exercise, and the consultant will be able to help achieve this end. He will be able to provide readable booklets and graphics giving brief details of the employees' benefits. Also members should be reminded from time to time of their entitlements so regular statements of individual benefits are a good idea.

A consultant can provide the back-up service to help employees on retirement. Advising on investment opportunities for those who receive a lump sum or helping widows in the event of an employee's death. The employer has to pay for this extra service so it is essential that employees are aware of it.

Having discussed the type of advice that an employer should expect from his consultant, the difficulty remains as to whom he should turn. Unless he decides to go on a recommendation from another employer the best way for him to contact a good consultant is by inquiring of the Society of Pension Consultants, Association of Consulting Actuaries or the National Association of Pension Funds.

Terry Garrett

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Trusts and the trustees

IT HAS traditionally been the prerogative of management to appoint the trustees and managers of company pension funds. In recent times greater attention has been paid to giving employees, or members of the scheme, more of a say. It has become quite common place for such representatives to be appointed.

However, legislation which is due to come into force in 1978 could well change this balance. From the moment that legislation sets on to the statute book, Trade Unions—by right—will be able to seek and obtain 50 per cent. representation. This will apply right through the pension fund; that is it involves both the trustee and the administrative sides. If there are 6 trustees, then the Trade Unions involved in that company will be able to insist on 3 being their members.

There are areas of uncertainty. For example, even where employee participation has been incorporated the management has, in the past, always retained the casting vote. The White Paper has not yet made it clear whether this will still be the case when the new laws come into force.

It is also not clear what happens when more than one Trade Union is involved in the various sections of a company—as, for example, in the case of a newspaper. There are other instances where only a small percentage of a total workforce is members of a Trade Union. Will they still get their 50 per cent. representation?

Such uncertainties are clearly giving rise to some anxiety in the pensions business—not least because of the potentially huge number of new people who will have to become familiar with the role of the pension fund trustee. Various bodies offer schemes to train up the initiates, but so far the Unions have said that they prefer to train their own men in this business. And that, too, is giving cause for concern, in case the more extreme trade unionists use their newly-acquired power as some form of lever against management.

Undoubtedly, the changes are going to create a tremendous amount of work for pension

administrators. New procedures will have to be incorporated and schemes will have to be amended.

The powers of a trustee need not be overwhelming. It is generally accepted that the trustee is really the overseer and not the administrator. However, in some cases the trustees have wide discretionary powers. The outcome of the new legislation, in the view of those in the pension fund business, is that schemes will be amended in such a way that the rules will be set out in black and white, and where there will be few powers of discretion. It is also predicted that there may be separate schemes for separate sections and categories of employees.

But aside from these complications, potential or otherwise, the role of the pension fund trustee is a fairly straightforward one. It is basically to ensure that the scheme is administered according to the rules and to make sure that the interests of members are safeguarded.

A trust is formed for the purpose of a pension to ensure that the scheme remains separate from the other interests of the employer. The trustee is someone who is approached by the existing trustees, by the employers or who is elected by the membership, to safeguard everyone's interests. Within that, anyone can qualify as a trustee.

Dictated

The precise duties of a trustee are dictated by the trust deed itself. But basically, the trustee must be impartial and, according to a 29-page booklet issued by the Metropolitan Pensions Association, "His office is not to be used for venting his personal opinions, nor for trying to alter the terms of his own, or anyone else's, terms of employment." He must look upon his duties as being completely separate from those he has in the course of his normal day-to-day employment.

As regards the investment of the funds in the trust, more often than not the trustee has to seek advice elsewhere. While they may approach a full-time investment manager or a merchant bank or some other professional, the trustee still has to ensure that the decisions taken are appropriate to the fund. As the MPA booklet says, "the trustees must seek to achieve a balance between security and productivity."

Any investments should not be of a speculative nature, nor must they be so safe as to not produce income or the prospect

of capital appreciation. The precise rules as regards the investment policy are generally set out in the text of the trust deed itself because, failing any specific instructions, the trustees have to resort to the powers contained under the Trustee Investment Act, 1961, which give only very limited and prohibitive powers.

A trustee must also be careful not to get himself in the position of having a conflict of interests. There is a duty not to make a profit, whether directly through being paid for his work, or indirectly through using information that has come his way through the course of trustee duties.

Clearly, the trustee or trustees cannot be expected to carry out every little piece of administration that is required, and it is quite normal for there to be a degree of delegation. In most cases, therefore, a pension fund manager is appointed. This is distinct from the seeking of advice.

However, the trustee must also bear in mind that if he seeks advice or delegates he is ultimately responsible. In the case of tax, for example, the Inland Revenue will look to the trustee for the tax on the fund; any errors, and the trustee is liable.

There are other aspects of law to consider. For instance, the pension trustee will need to be familiar with the law relating to probate and wills.

Newcomers to trustee work, therefore, are going to have quite a lot to think about. But there are training schemes available for aspiring pension fund trustees. Even one-day courses are available and special seminars—such as that in be-organised next month by The Industry Society on Pension Fund Trusteeship—are also likely to become more popular.

Keith Lewis

Growing importance of communications

PENSIONS ARE hot news these days and a number of companies and pension managers are all extremely active in the area of communications. Even so the disturbing statistics among members of medium to large size company pension schemes illustrates just what problems lay ahead for these various organisations.

The Government is obviously anxious to improve the level of communications in occupational pension schemes. The Social Security Pension Act puts the onus on companies to educate employees on pensions. Moreover the proposals in the recent White Paper on Member Participation definitely follow this line of thought so companies will be forced to pay more

attention in the future to training and educating members on their particular scheme.

It is after all in the best interest of the company that the employees get to grips with the benefits of the in-house pension scheme. Substantial sums are spent on pension schemes and the most beneficial results are not obtained unless the spending is accompanied by a good educational programme. A company could find itself in the position where it has industrial unrest just because employees are kept in the dark as to the scheme's benefits. It is, however, easy to see why companies have great difficulty in getting across to members just how the fund is run and what the benefits are.

In such a way that the information is understood and absorbed. Pensions are highly complicated animals drawn up by professional men. Moreover, the rules of the pension scheme are legal documents and the complexity of legal jargon has hemmed even the best of us at some time or other.

Many companies have at some stage issued a form of explanatory booklet but, as surveys show, these are often just not read. The object of these booklets was to set out the functions and benefit schemes in such a way that they made easy reading and at the end of it the member had a clear idea of what he was contributing in relation to that of the employer and just what he would get out of the scheme on retirement. But in some cases these booklets failed to achieve what they were designed for.

Crammed

The main reason why a large number of these booklets proved an abortive public relations exercise is that too much information was crammed into the publication for fear of leaving out any important legal point. The net result was that far from being an easy read the booklets were little different from the deeds of the trust.

Why the companies found themselves compelled to put as much information in the booklet is difficult to comprehend, for an easy safeguard would be to put a paragraph somewhere in the publication that explains that it is not a legal document but is just aimed to give members a broad outline. Then if there is any further need for information a more advanced publication could be available for general release, to expand on the rules of the trust.

The Company Pensions Information Centre publish a number of booklets to give guidance on pension matters including one that is aimed at the employers to help overcome the problem of communications. By and large this booklet tends to agree with the view that an easy-to-read explanatory booklet should be accompanied on demand by the full set of rules. They do, though, point out that no booklet, however clear, can answer all the possible questions about the scheme. For this reason it is suggested that a meeting should be held to set up and if any changes are made later. Equally when a new employee joins the company there should be somebody who is available, in the case of the larger companies on a full-time basis, to explain the workings of the scheme.

International Employment Benefits Consultants MPA feel

that it is imperative to evolve a good communications programme whether or not the company is altering its existing arrangements or introducing a new scheme. The cost of good employment benefit communications represents but a small proportion of the pension scheme itself.

The CBI also favours easy-to-read company information booklets to be supplemented by direct oral presentations where the members can answer questions thereby giving some feedback.

By and large these are all general communication techniques and the MPA feels that a stronger impact would be made if the company could aim directly at each individual employee with figures based on his own personal circumstances.

This can be achieved by issuing annually to each employee an individual benefit statement. The date required must be collated in a form from which the statements can be produced. Like the explanatory booklets, the way in which the figures are set out is important for, after all, the statements need to be read.

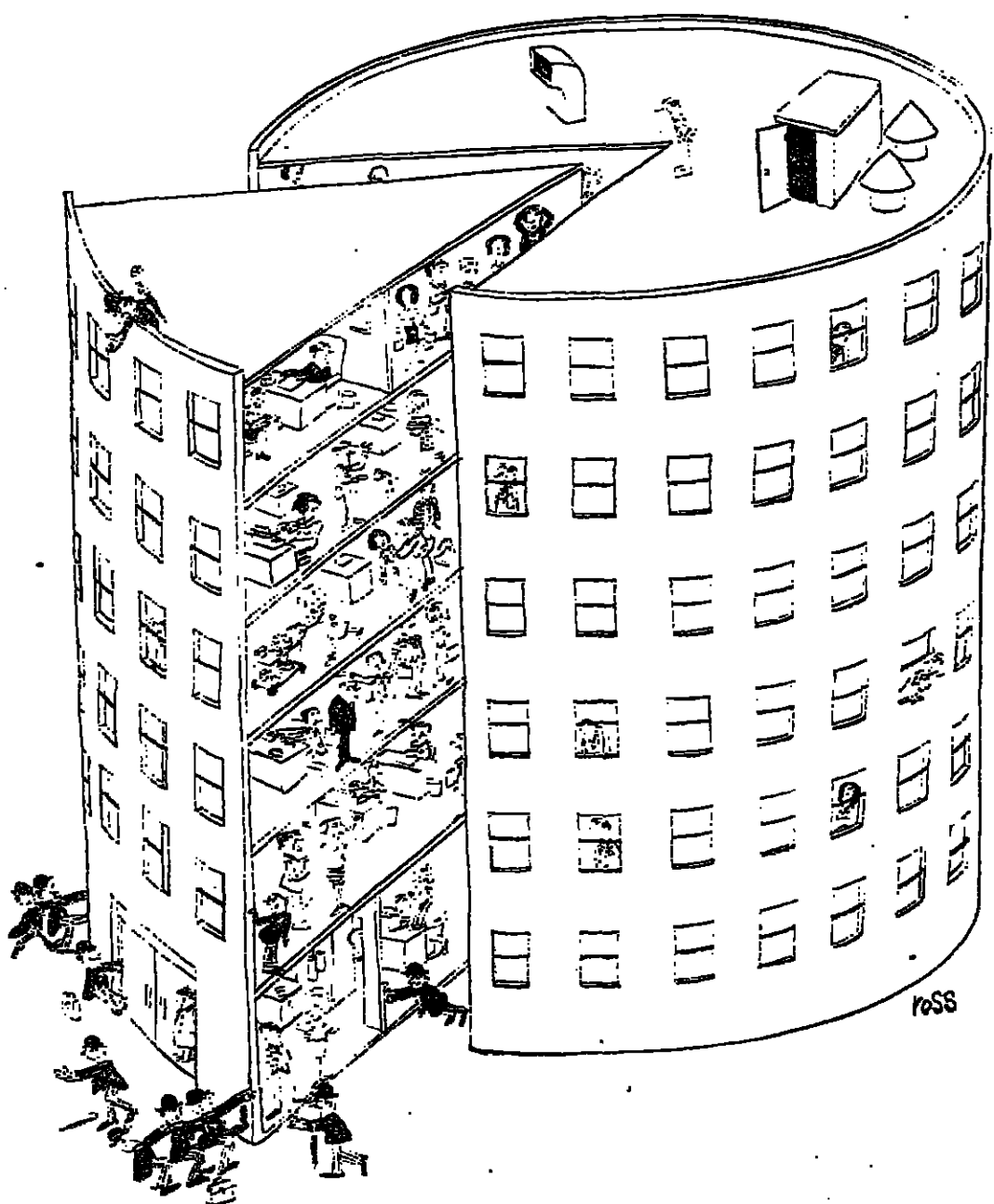
The collation of data is bound to set problems but the MPA feels that once the relevant file of information has been achieved it should be kept up to date and used for other things such as pension fund administration, the provision of accounting and personnel statistics and actuarial valuation data.

A number of the large international groups have clearly seen the light of day. Both the Imperial Group and Shell Oil, for example, have issued easy-to-read explanatory booklets in addition to the more formal set of rules.

In addition to these booklets both companies have given information on the Pension Scheme Management together with annual reports on the financial position of the pension fund. Moreover, following suggestions by the pensions consultant committee's further explanatory information is given in an in-house publication on the lines of a newspaper.

Much then is being achieved by the larger companies and the consultants together with the various specialist organisations and following the latest moves by the Government substantial improvements in the area of communications should be seen.

David Wright



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Oil and gas pact doubted

EEC skim milk powder scheme likely to end

Thailand coup lifts tin prices

U.S. STOCKPILE Flexible buying plan to avoid disruption

Oil and gas pact doubted

Our Commodities Staff

INTERNATIONAL agreement seeking to control prices of oil and gas would be workable in practice, Mr. Sweetman, vice chairman of the House of Representatives' Energy and Commerce Committee, said yesterday.

Sweetman said that over the years, free market mechanism has done a good job in regulating supply and demand of oil and gas. The wild fluctuations experienced in 1973-74 had been quite rational with prices otherwise in acceptable limits. He said the Energy Committee should be concerned with only dampening extreme movements and allow the market mechanism to continue operating.

He said that as a means of stabilizing oil and gas prices, "it is not a desirable and defeating" he declared. It would go to the wrong areas in cases, and stabilization of prices is harmful to producing areas in that they are not able to produce their own oil and gas.

Sweetman said that as the largest consumer of oil and gas in the world, the U.S. should not consider it necessary to accept in the oil and gas market a dominant buying influence group did not speculate.

EEC skim milk powder scheme likely to end

BY ROBIN REEVES

THE EEC's controversial scheme for incorporating 400,000 tonnes of surplus skim milk powder in animal feed now seems virtually certain to terminate at the end of this month.

The Brussels Commission has been proposing to extend the scheme beyond the present October 31 expiry date on the grounds that the surplus milk powder is still in excess of the 400,000 tonnes. To date only some 270,000 tonnes have been actually incorporated with a further 50,000 tonnes under contract.

But a discussion during yesterday's EEC Council of Agriculture Ministers meeting clearly indicated widespread hostility particularly from West Germany and the U.K. to any extension of the scheme.

Ministers are due to return to the subject at their next meeting on October 25 and 26. It seems unlikely there will be sufficient enthusiasm to ensure a continuation of the scheme.

The scheme, which was introduced last spring in an effort to reduce the Community's skim milk powder surplus, has required feed compounders to pay a deposit on surplus skim milk powder and other sources of vegetable protein.

This deposit was refundable on the production of evidence that a minimum percentage of surplus skim, which would otherwise be uncompetitive, had been incorporated in the feed ration.

Based on the protest from the animal feed industry, which complained that the prices were unnecessarily high, the scheme was also the subject of a sustained campaign of opposition from the U.S. Government on the grounds that it discriminated against soy imports and therefore contravened GATT.

Those who continually complain about the EEC's propensity to produce surpluses of butter and skim milk powder will now be able to concentrate all their fire power on the Commission's more recent proposals, among others, for tackling the problem of the proposed tax on margarine.

This week's Common Market agricultural council was also due to discuss the agreement on a common sheepmeat policy.

However, discussion was brought to a halt early in the proceedings following Irish insistence that the scheme under negotiation should be regarded as an interim arrangement only, to be replaced by a full-blooded market organization beyond an agreed date.

The French, with tacit support from the British, were adamant that no date should be set for replacement of the scheme, which would have provided for compensatory payments on trade between France, Ireland and Britain to maintain the present difference in producer prices.

In the circumstances, Mr. Mark Clinton, the Irish Farm Minister, chose not to prejudice his apparently strong legal position by accepting a commitment to the proposed interim arrangement indefinitely. According to a European court ruling, there has to be, in any case, a common organization of the sheepmeat market from 1978 onwards.

The question is due to be discussed further by officials but there are no indications of a quick end to the deadlock.

In the meantime, therefore, Irish and British lamb exports to France will continue to be subject to the vagaries of the Common Market system. Its principal instrument of market support is to open and shut the frontier to imports according to the level of lamb prices on the French market.

Thailand coup lifts tin prices

By John Edwards, Commodities Editor

TIN PRICES jumped to all-time peaks on the London Metal Exchange yesterday following the coup in Thailand. Cash tin closed \$55 up at \$4,933.5 a tonne, and three months quotation gained \$55.5 to \$5,083.5 a tonne.

Prices were even higher in earlier trading. They were trimmed by selling believed to be on behalf of the buffer stock of the International Tin Agreement, and profit-taking encouraged by a strengthening in the value of sterling after an earlier fall.

Selling by the buffer stock was believed to have kept the Straits tin price in Penang on a par with the London price. The International Tin Agreement "ceiling" of \$51,200 a picul despite a heavy turnover.

Reports that producers will be seeking a rise in the Tin Agreement's range at the Tin Council meeting next week is giving a firm undertone to the market.

The Thailand coup also lifted natural rubber prices on the London market. With the RSS No. 1 spot quotation gaining 1.5p to 56.5p a kilo, a high for the year.

U.S. STOCKPILE Flexible buying plan to avoid disruption

BY DAVID BELL IN WASHINGTON

AMERICAN OFFICIALS still believe that their plan, unveiled last week, to increase holdings of many of the commodities now in the nation's strategic stockpile, should have no serious effect on world demand for these metals and other raw materials.

They have reiterated in the past few days their determination to proceed warily, intervening in the market very carefully so as to avoid any charge that they have been forcing up prices.

In any case, they point out, they will have to wait at least until next February—or the next fiscal year beginning October 1977—for Congress to appropriate more funds to finance new purchases and maybe, if there is a Democratic Administration, much longer before they begin to rebuild stocks of many of the 90 materials that now make up the strategic stockpile.

Nevertheless, and however discreetly the U.S. proceeds, the new stockpile targets are bound to have some effect on the market and on industrial demand for the materials. Major companies are expected to monitor U.S. buying very closely and to flagging a warning.

Such rumors may be true, but it should also be pointed out that the FPA clearly does intend to bend over backwards to avoid charges that it is manipulating world prices. And to do so as a market suspect, Dr. Kissinger is doing might be a dangerous precedent.

Whatever happens when and if the buying gets under way, the FPA has now started to develop what it calls "major programmes" of both acquisitions and disposals. The agency notes that the new stockpile planning process and flexible stockpile goals means that corporate planners may need to develop equally flexible plans that can be readily adjusted for changes in the levels of the stockpile.

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The agency notes that the new stockpile planning process and flexible stockpile goals means that corporate planners may need to develop equally flexible plans that can be readily adjusted for changes in the levels of the stockpile.

Defaulters' sugar quotas to be cut

BRUSSELS, Oct. 6

A COMMON Market Committee to abolish or reduce the 1977 quotas for four developing sugar producers who have failed to fulfil their supply commitments under the Lomé trade aid convention with the Community officials said yesterday.

The Commission will maintain quotas for Mauritius and Fiji, which suffered natural disasters in the 1975/76 season and asked for measures for not asking their delivery commitments in full.

The four countries to have their quotas cut or abolished are the Congo, Kenya, Uganda and Suriname.

Its weekly white sugar tenders, the EEC commission asked for 18,350 tonnes for export restitutions of up to 13,650 of account per 100 kilos.

U.K. stand gains support

BY JOHN EDWARDS, COMMODITIES EDITOR

FIRM SUPPORT for the stand taken by Mr. John Hattersley, Minister of Agriculture, in rejecting a devaluation of the green pound at the EEC Ministers meeting, came yesterday from a fellow member of the Cabinet.

Mr. Roy Hattersley, newly appointed Secretary of State for Prices and Consumer Protection.

Mr. Hattersley told the annual luncheon of the Cocoa, Chocolate and Confectionery Alliance in London that the "green pound" and the monetary compensatory amounts provide a saving of about 7 per cent on British retail food prices.

"In present circumstances the sacrifice of that advantage cannot even be contemplated."

Bangladesh to host jute talks

DACCA, Oct. 6

Bangladesh will host a seven-nation conference on Jute to be held in Dhaka from Oct. 10 to 15. The meeting, sponsored by UNO, Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Conference on Trade and Development (UNCTAD), will be attended by delegates from Bangladesh, Burma, China, India, Indonesia, Nepal and Thailand.

Mr. Maitur Rahman, Bangladesh Commerce and Foreign Trade Secretary, said Bangladesh will press at the conference for an integrated approach to world jute trading to protect its market from the incursion of synthetic fibres.

"Our stakes are very high because we get all our earnings from jute and before 1959, the jute market was entirely in the hands of the world's developed nations and the establishment of uniform freight rates, he said.

Farmers attack inaction

BY OUR COMMODITIES STAFF

THE BRITISH Agricultural Council, which embraces all producer, landowning and co-operative organisations in the U.K., said yesterday that the Government's failure to devalue the green pound was a "disappointing inaction."

The Government's inaction was damaging the country's meat processing industries where the risk of large-scale unemployment was now being faced. It was also damaging the prospects of improvement in the nation's balance of payments through further investment in agricultural expansion.

The country cannot have its cake and eat it at a price subsidised by the Government's failure to devalue the green pound was a "disappointing inaction."

The Government's inaction was damaging the country's meat processing industries where the risk of large-scale unemployment was now being faced. It was also damaging the prospects of improvement in the nation's balance of payments through further investment in agricultural expansion.

COCAOA

The market for cocoa beans continued to show signs of recovery after a period of weakness. Prices for the main grades, such as Forastero and Trinitario, were firm, with some upward movement in the futures market. The market was influenced by reports of a new crop in West Africa, which could lead to a surplus in the coming years.

SOYABEAN MEAL

Market opened earlier but recovered to close higher. The price of soyabean meal was supported by a shortage of supplies in the U.S. and a strong demand from Europe. The market was also influenced by reports of a new crop in South America, which could lead to a surplus in the coming years.

WOOL FUTURES

Market opened lower but recovered to close higher. The price of wool futures was supported by a shortage of supplies in the U.S. and a strong demand from Europe. The market was also influenced by reports of a new crop in South America, which could lead to a surplus in the coming years.

SUGAR

Market opened lower but recovered to close higher. The price of sugar was supported by a shortage of supplies in the U.S. and a strong demand from Europe. The market was also influenced by reports of a new crop in South America, which could lead to a surplus in the coming years.

MEAT/VEGETABLES

Market opened lower but recovered to close higher. The price of meat and vegetables was supported by a shortage of supplies in the U.S. and a strong demand from Europe. The market was also influenced by reports of a new crop in South America, which could lead to a surplus in the coming years.

THE THOMSON ORGANISATION LIMITED

INTERIM STATEMENT

The Directors have declared an Interim Ordinary Dividend of 10p per share, which together with the stated dividend of 10p per share, amounts to a total dividend of 20p per share. This dividend is payable on 15th October 1976 to shareholders who are registered in the company's books as at 30th September 1976.

The Directors also recommend a final dividend of 10p per share for the year ended 30th June 1976. This dividend is payable on 15th November 1976 to shareholders who are registered in the company's books as at 30th October 1976.

The unaudited results for the half-year to 30th June 1976 are shown below:

	Half year ended 30th June 1976	1975
Turnover	123,098	99,997
Gross profit	6,233	3,977
Trading profit	1,908	1,743
Operating profit	4,332	2,134
Profit before tax	975	686
Profit after tax	5,307	2,800
Dividend	3,055	1,554
Reserves	2,242	1,246
Minority Interest	212	156
Preference Dividends	2,030	1,190
Reserves	494	484

Available for Equity Shareholders 1,548 706

The cost to the company of the Interim Ordinary Dividend will be: 886 689

Turnover for the six months showed an increase of 23% on trading profits 61%, compared with the same period last year. While improvements were spread across most of the operating groups, the principal profit increases came from Travel and Yellow Pages.

General business conditions remain fairly satisfactory and rising unforeseen circumstances second half earnings are expected to be at least equal last year's.

Losses of The Times continue to be borne by a Thomson family company and not by The Thomson Organisation Limited.

D. OPTION

Development of the Piper and Claymore fields continues to progress satisfactorily and rising unforeseen circumstances per is now expected to commence production in December 1976 with Claymore following in the second quarter of 1977.

Discussions are continuing on a constructive basis with the Department of Energy and Northern Ireland and BNOC on participation in the Piper and Claymore fields.

Following the announcement by the Department of Energy a further round of North Sea licences, Occidental Petroleum Corporation, Getty Oil Company, Allied Chemical Corporation together with Thomson Scottish Associates Limited (TSA) have submitted an application for blocks on offer.

There is no immediate intention of exercising the 90% option which The Thomson Organisation Limited has over the oil interests.

h. October, 1976.

AMERICAN

... grain chartering although rate... showed little change. Grain... included Toledo to the U.K. at... to the U.S. West Coast to West Italy... to the U.S. West Coast

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FT SHARE INFORMATION SERVICE

CANADIANS

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
100	100	100	Bank of Montreal	100	100	100	100	Bank of Montreal	100
101	101	101	Bank of Nova Scotia	101	101	101	101	Bank of Nova Scotia	101
102	102	102	Bank of Toronto	102	102	102	102	Bank of Toronto	102
103	103	103	Bank of Victoria	103	103	103	103	Bank of Victoria	103
104	104	104	Bank of Western Canada	104	104	104	104	Bank of Western Canada	104

BUILDING INDUSTRY—Continued

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
105	105	105	Canadian Pacific	105	105	105	105	Canadian Pacific	105
106	106	106	Canadian National	106	106	106	106	Canadian National	106
107	107	107	Canadian Railway	107	107	107	107	Canadian Railway	107
108	108	108	Canadian Steel	108	108	108	108	Canadian Steel	108
109	109	109	Canadian Aluminum	109	109	109	109	Canadian Aluminum	109

DRAPERY AND STORES—Continued

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
110	110	110	Debenhams	110	110	110	110	Debenhams	110
111	111	111	Debenhams	111	111	111	111	Debenhams	111
112	112	112	Debenhams	112	112	112	112	Debenhams	112
113	113	113	Debenhams	113	113	113	113	Debenhams	113
114	114	114	Debenhams	114	114	114	114	Debenhams	114

ENGINEERING—Continued

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
115	115	115	Debenhams	115	115	115	115	Debenhams	115
116	116	116	Debenhams	116	116	116	116	Debenhams	116
117	117	117	Debenhams	117	117	117	117	Debenhams	117
118	118	118	Debenhams	118	118	118	118	Debenhams	118
119	119	119	Debenhams	119	119	119	119	Debenhams	119

HOTELS—Continued

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
120	120	120	Debenhams	120	120	120	120	Debenhams	120
121	121	121	Debenhams	121	121	121	121	Debenhams	121
122	122	122	Debenhams	122	122	122	122	Debenhams	122
123	123	123	Debenhams	123	123	123	123	Debenhams	123
124	124	124	Debenhams	124	124	124	124	Debenhams	124

INDUSTRIALS

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
125	125	125	Debenhams	125	125	125	125	Debenhams	125
126	126	126	Debenhams	126	126	126	126	Debenhams	126
127	127	127	Debenhams	127	127	127	127	Debenhams	127
128	128	128	Debenhams	128	128	128	128	Debenhams	128
129	129	129	Debenhams	129	129	129	129	Debenhams	129

BRITISH FUNDS

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
130	130	130	Debenhams	130	130	130	130	Debenhams	130
131	131	131	Debenhams	131	131	131	131	Debenhams	131
132	132	132	Debenhams	132	132	132	132	Debenhams	132
133	133	133	Debenhams	133	133	133	133	Debenhams	133
134	134	134	Debenhams	134	134	134	134	Debenhams	134

BANKS AND HIRE PURCHASE

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
135	135	135	Debenhams	135	135	135	135	Debenhams	135
136	136	136	Debenhams	136	136	136	136	Debenhams	136
137	137	137	Debenhams	137	137	137	137	Debenhams	137
138	138	138	Debenhams	138	138	138	138	Debenhams	138
139	139	139	Debenhams	139	139	139	139	Debenhams	139

ELECTRICAL AND RADIO

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
140	140	140	Debenhams	140	140	140	140	Debenhams	140
141	141	141	Debenhams	141	141	141	141	Debenhams	141
142	142	142	Debenhams	142	142	142	142	Debenhams	142
143	143	143	Debenhams	143	143	143	143	Debenhams	143
144	144	144	Debenhams	144	144	144	144	Debenhams	144

CHEMICALS, PLASTICS

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
145	145	145	Debenhams	145	145	145	145	Debenhams	145
146	146	146	Debenhams	146	146	146	146	Debenhams	146
147	147	147	Debenhams	147	147	147	147	Debenhams	147
148	148	148	Debenhams	148	148	148	148	Debenhams	148
149	149	149	Debenhams	149	149	149	149	Debenhams	149

ENGINEERING, MACHINE TOOLS

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
150	150	150	Debenhams	150	150	150	150	Debenhams	150
151	151	151	Debenhams	151	151	151	151	Debenhams	151
152	152	152	Debenhams	152	152	152	152	Debenhams	152
153	153	153	Debenhams	153	153	153	153	Debenhams	153
154	154	154	Debenhams	154	154	154	154	Debenhams	154

CINEMAS, THEATRES AND TV

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
155	155	155	Debenhams	155	155	155	155	Debenhams	155
156	156	156	Debenhams	156	156	156	156	Debenhams	156
157	157	157	Debenhams	157	157	157	157	Debenhams	157
158	158	158	Debenhams	158	158	158	158	Debenhams	158
159	159	159	Debenhams	159	159	159	159	Debenhams	159

BUILDING INDUSTRY, TIMBER AND ROADS

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
160	160	160	Debenhams	160	160	160	160	Debenhams	160
161	161	161	Debenhams	161	161	161	161	Debenhams	161
162	162	162	Debenhams	162	162	162	162	Debenhams	162
163	163	163	Debenhams	163	163	163	163	Debenhams	163
164	164	164	Debenhams	164	164	164	164	Debenhams	164

DRAPERY AND STORES

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
165	165	165	Debenhams	165	165	165	165	Debenhams	165
166	166	166	Debenhams	166	166	166	166	Debenhams	166
167	167	167	Debenhams	167	167	167	167	Debenhams	167
168	168	168	Debenhams	168	168	168	168	Debenhams	168
169	169	169	Debenhams	169	169	169	169	Debenhams	169

FOOD, GROCERIES, ETC.

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
170	170	170	Debenhams	170	170	170	170	Debenhams	170
171	171	171	Debenhams	171	171	171	171	Debenhams	171
172	172	172	Debenhams	172	172	172	172	Debenhams	172
173	173	173	Debenhams	173	173	173	173	Debenhams	173
174	174	174	Debenhams	174	174	174	174	Debenhams	174

Over Fifteen Years

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
175	175	175	Debenhams	175	175	175	175	Debenhams	175
176	176	176	Debenhams	176	176	176	176	Debenhams	176
177	177	177	Debenhams	177	177	177	177	Debenhams	177
178	178	178	Debenhams	178	178	178	178	Debenhams	178
179	179	179	Debenhams	179	179	179	179	Debenhams	179

INTERNATIONAL BANK

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
180	180	180	Debenhams	180	180	180	180	Debenhams	180
181	181	181	Debenhams	181	181	181	181	Debenhams	181
182	182	182	Debenhams	182	182	182	182	Debenhams	182
183	183	183	Debenhams	183	183	183	183	Debenhams	183
184	184	184	Debenhams	184	184	184	184	Debenhams	184

CORPORATION LOANS

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
185	185	185	Debenhams	185	185	185	185	Debenhams	185
186	186	186	Debenhams	186	186	186	186	Debenhams	186
187	187	187	Debenhams	187	187	187	187	Debenhams	187
188	188	188	Debenhams	188	188	188	188	Debenhams	188
189	189	189	Debenhams	189	189	189	189	Debenhams	189

COMMONWEALTH AND AFRICAN LOANS

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
190	190	190	Debenhams	190	190	190	190	Debenhams	190
191	191	191	Debenhams	191	191	191	191	Debenhams	191
192	192	192	Debenhams	192	192	192	192	Debenhams	192
193	193	193	Debenhams	193	193	193	193	Debenhams	193
194	194	194	Debenhams	194	194	194	194	Debenhams	194

LOANS (Miscellaneous)

1976	High	Low	Stock	Price	1975	High	Low	Stock	Price
195	195	195	Debenhams	195	195	195	195	Debenhams	195
196	196	196	Debenhams	196	196	196	196	Debenhams	196
197	197	197	Debenhams	197	197	197	197	Debenhams	197
198	198	198	Debenhams	198	198	198	198	Debenhams	198
199	199	199	Debenhams	199	199	199	199	Debenhams	199

FOREIGN BONDS & RAILS

1976		Stock		Price	1975	Stock		Price
High	Low				High	Low		
186			Amstrad 2400 Rly...	187				
200			De Sp Pre	35				
201	27 1/2		Berlin 60pc Ass	35	8			
202			Green 40pc Ass	35	3			
195	192		German 1c 40pc	205	3	43 1/2		
72	61		Green 40pc Ass	40	3	43 1/2		
72	61		De Sp 2400 Rly	40	3	43 1/2		
72	61		Green 40pc Ass	40	3	43 1/2		
72	61		De Sp 2400 Rly	40	3	43 1/2		
72	61		Green 40pc Ass	40	3	43 1/2		
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72	61		De Sp 2400 Rly	40	3	43 1/2		
72	61	</						

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FINANCIAL TIMES

Thursday October 7 1976

Strutt & Parr
131 H Street, London W1C 8JL
A National Property Service

Thai military coup follows riots

BY RICHARD NATIONS

A LARGELY unknown group of military men calling itself the National Reform Council has seized power in Thailand, after bloody clashes between police and left-wing students in a Bangkok university left at least 35 people dead and dozens injured.

The group launched the coup, according to a Radio Thailand broadcast, to forestall "a Communist plot backed by the Vietnamese and to preserve the Thai monarchy".

The country's new rulers to-night suspended the constitution, banned political parties, and declared martial law. Ports, airports and telecommunications links with the rest of the world appear to be functioning normally.

The seizure of power brings to an end almost exactly three years of Thailand's experiments with democracy which began when the military regime of Field Marshal Thanom Kittikachorn was overthrown by student demonstrations at Thammasat University—the scene of today's violence.

Very little is known about the coup leaders. They appear to be headed by Admiral So Ngad Chalorvorn, the present commander-in-chief of the armed forces who was only yesterday con-

Police assault

During the years of war in Vietnam and Cambodia, Thailand remained at a distance and quietly prospered as the major rice exporting country of the region. The Americans used Thailand as staging post having at one time 45,000 airmen and troops in the Kingdom. The last Americans withdrew in August.

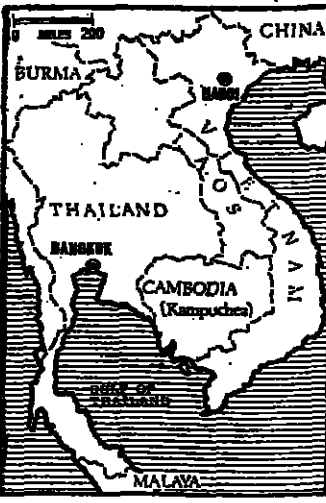
ment which resulted in fractious and indecisive coalitions. During this period the Thais established ties with China and made friendly overtures to the Communist regimes of Vietnam and Cambodia.

The coup first came to light in the wake of a police assault on Thammasat University in the centre of Bangkok. At least 35 people were killed and an estimated 100 were wounded.

Some students were lynched or beaten to death by Right-wing mobs, which numbered 20,000. They had tried to storm Thammasat University where an estimated 4,000 Left-wing students, protesting about the return of Thanom Kittikachorn from exile last month, had barricaded themselves in. Police stood and watched as Right-wing groups set upon Left-wing students.

Several students were lynched with wire on trees in the large square in front of the campus and their bodies beaten and spat upon. Others were beaten to a pulp while police stood by. Their bodies were then hit with sticks, their eyes gouged out and their throats were cut.

One witness said students who had been beaten unconscious had petrol poured over them and were set alight. Tyres ripped off cars were used to feed the flames.



Shortly after police broke into the campus, I saw Right-wing mobs pour into the university buildings, looting and pillaging. I watched as Left-wing students were pulled out of the buildings stripped to their trousers, and made to crawl between two rows of police who beat them with their rifles and shouted abuse. Buddhist amulets were stripped from the students' necks. This was because "Communists are atheists," one policeman said.

I also saw students' watches and money taken. The wounded were left for three hours before doctors were allowed to attend to them.

The reason given for the coup was that a group of people, including students, had insulted the monarchy with the intention of destroying it as part of a Communist plot to take over the country.

Insult

The police assault on the university was sparked by an alleged insult to a member of the royal family during a political sit at a rally yesterday. Two students were garrotted in a mock display in protest against the death of two labour union activists who the director of police admitted had been lynched by his own men.

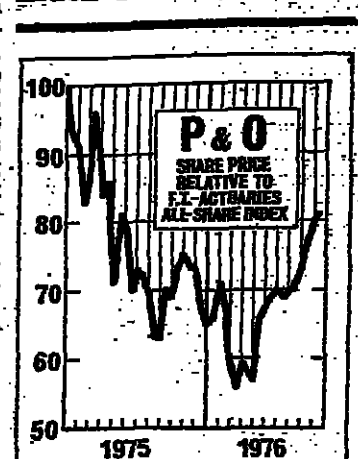
It was student disaffection with the corrupt and inefficient ten-year rule of Thanom and his deputy, Field Marshal Prapass Charusathien, which led to their overthrow and exile. On the previous occasion when Thanom tried to return to Thailand last year and when Mr. Prapass attempted to return in August, student riots broke out.

Feature, Page 5

THE LEX COLUMN

P & O regains its poise

Index fell 8.7 to 310.6



P & O's shares have been regaining status in the market since the spring, and its interim statement confirms that the declining trend in profits has been reversed. For the half year to June, the group has produced £12.8m. before tax and profits on ship sales, which compares with around £24m. (excluding provisions on development properties) in the previous 15-month period.

Bovis is still doing badly, with losses in South East Asia and Canada reflected in a credit on minorities. But the programme of property sales is going according to plan with no further provisions required, and big losses on the passenger lines and ferry services have—as promised—been eliminated. At the same time, the balance sheet pressures are being contained.

Capital spending this year will slide down to £50m. or less, which should be roughly in line with net cash flow. Loan repayments will be substantial, but after a string of disposals—like Bain Daves and Hall-Thermotank—overall borrowings should be more or less unchanged despite the impact of currency changes.

For the current year, pre-tax profits could get within sight of £30m., including £1m. or so from ship sales. The crucial point is that bulk shipping will still only be making a relatively small contribution. In 1974, this division made £23.9m. before interest: in the first half of 1976 it produced £3.5m. and P & O says that it is not actively seeking new contracts at present since it expects to get better rates during 1977.

The speculative possibilities can be shown by the fact that although the general cargo division currently provides over half the group's profits, total capital employed has almost doubled to over £350m. since the new management took over four years ago, and nearly all the money has gone into less traditional areas. The trading outlook for 1977 is going to be an open question for some time to come, and so are the prospects for the promising North Sea oil fund. Meanwhile brokers are free to come up with enthusiastic forecasts, and the shares may continue to perform relatively well: prospective yield is 9 per cent. at 101p.

Thomson Organisation
Earlier this year, Thomson Organisation was saying that prospects for 1976 "look

reasonable, if not exciting." So a 90 per cent. jump in interim profits to £5.3m. best most expectations, and profits for the full year now look unlikely to fall far short of the 1973 peak of £13.8m.—against last year's £9.9m.

The travel side, which contributed half last year's profits, continues to be the mainstay of earnings. Against a 7.8 per cent. fall in number of holidays sold for the industry as a whole, Thomson's figures were down by less than 2 per cent. and, contrary to earlier expectations, it has been able to maintain load factors well in excess of 90 per cent. The other bright spot has been yellow pages which is now the third largest advertising medium after newspapers and TV. The problems with the Post Office have been sorted out and with the full range of directories appearing, in 1976 this sector is at last fulfilling its promise.

On the newspaper side, the Times continues to lose money, though the losses are still born by the Thomson family interests. The other papers in the Times stable are also losing money, but at a slightly lower level than last year's £1.6m. The regional papers, which contributed well over half the profits back in 1974, are improving from last year's depressed levels. Advertising revenue is slightly ahead and there have been some price increases.

However, this improved earnings picture has little relevance for the share which at 270p is on an historic p/e of 44. Thomson's expected bonanza from North Sea oil is uppermost in investor's minds, and here the prospects look good. The Piper sheet comes on stream in December and Claymore six

months later. The capital spending in Thomson's long-term plan, looking anything but promising, is falling in sterling. Wood are projecting average per share of 1976 against 10.4p this year, nearly three-quarters from the North Sea.

Given its heavy Thomson is unlikely to opt to take Sea rights until debts are repaid late 1978. Once it may still have to wait to pass on the North Sea to shareholders.

JFB

Following some stocks conversions profits of £2.2m. by tax from Johnson Brown translates nearly halved as share. And the fit the year to June maiden to month Greening acquired about £2m. But a P & O cost £0.7m. losses in some closure costs of can be added to it if the demand side (and JFB is 30) some improvement the current 12 per cent. manager a useful

The Fifth re-rolling plant, which will move out of closure costs at the steelworks and fencing of more than 100 acres, Greening moving well — the final two months £1m.—and the rest and wire operation placed. On the stamping and between them last year's 1976-77, w division, special beginning to expect better activity level drop of more than sales volume last reduced mill running cent of capacity. If all goes well, could just possibly be around 6p a share against 4.6p last present, the yield cent. at 42p is covered, but JFB sheet is now looking healthy.

Importers take record 43.5% of car market

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE DAMAGING effects of the continuing production and industrial relations problems in the British car industry were underlined last month when importers captured a record market share of 43.5 per cent.

This means that imports have now pushed up to a cumulative share of 36.8 per cent. for the year so far, a rise of precisely 3 per cent. on the same period in 1975.

The figures last month are particularly worrying to the British manufacturers because they show that sales of imports have grown in volume terms by 24 per cent. from 32,000 last year to 40,000—despite a severe fall in overall registrations.

In other words, importers have been able to sell against the trend of the industry.

It is not clear whether the fall in volume sales, which saw the market drop by 24 per cent. on last September to 87,563 units, is the first indication of a slow-down in the market.

Full force

Registrations were lower than for any of the last three years, but the September figures in 1975 were distorted by British Leyland's Superdeal campaign which pulled sales forward.

The hope is that sales are still continuing on a long-term recovery pattern, and that September represents an aberration caused by Ford's weakness in the midst of a large-scale production reorganisation at Dagenham, and by Leyland's shortages following its recent outbreak of disputes and the car delivery workers' strike.

SEPTEMBER REGISTRATIONS	Units	%
Br. Leyland	25,543	29.2
Ford	15,308	17.5
Vauxhall	7,972	9.1
Chrysler	5,857	6.7
Datsun	5,285	6.0
VW/Audi	4,270	5.0
Others	17,580	20.1
Total	87,563	100.00

All the same, it is unlikely that the British manufacturers will be able to hit back at the market with full force this month, since Ford has been hit by strikes on its new Cortina lines and BL is still short of stocks of some vehicles.

The real fight back from the British industry should begin later this year and early next, when Chrysler gets its re-organised production lines fully geared up, and Ford brings its new Fiesta on stream.

Following Ford's slump over the last two months, Leyland has managed to regain clear market leadership for the year as a whole, and last month gained 29.2 per cent. of the market with 25,543 sales.

Ford sold only 15,308 cars (17.5 per cent.), of which 1,653 were imported from Germany, while Vauxhall had sales of 7,972 (9.1 per cent.), including 2,286 Belgian Cavaliers. Chrysler's 5,857 sales (6.7 per cent.) included 1,735 from Europe.

The leading importer was Daimler with sales of 5,965, representing a market share of 6.8 per cent.—slightly higher than Chrysler's.

Renault's new saloon, Page 6

... record results, Page 26

Rhodesia talks may be held in Geneva

By Bridget Bloom, Africa Correspondent

THE BRITISH Government is expected to announce in the next few days that the conference to establish an interim African majority government in Rhodesia will be held in Geneva, probably in the third or fourth week of this month.

Final decisions on the conference venue, its timing and its full participants, will be taken only after the return of Mr. Anthony Crosland, the Secretary of State for Africa, the conference chairman, Mr. Ivor Richard, from the United Nations on Friday. But it is believed that both the white Rhodesian Government and the African Nationalists have agreed that the conference should be held in Geneva.

Although this contradicts Mr. Crosland's original statement ten days ago, that the conference would be in southern Africa, it is thought that both sides consider Geneva suitably neutral. The Prime Minister is considerably better than he would be for example, in Livingstonia, Zambia or in Mauritius, both strongly tipped as the venue over the past week.

The announcement about the conference may not be made until early next week, partly because consultations are still under way among African Nationalist leaders.

In particular, Mr. Joshua Nkomo, leader of one of the major wings of the African National Council, is at present in Maputo, where he is holding discussions with Mr. Robert Mugabe, the strongest contender for the ANC's external leadership.

There may well also be further discussions between Mr. Nkomo and Bishop Muzorewa, whose tumultuous reception in Salisbury last Sunday showed clearly that he, too, still a leadership contender.

Continued from Page 1

Tory bid

with the TUC that the real deal must be done

This view was brought out quite firmly by Mr. Peter Walker, the former Tory Cabinet Minister.

Mr. Walker spoke of a "Conservative Compact" when he addressed a lunch-time meeting of the Tory Reform Group. Like Mr. Prior, he talked about a "deal" which the Tories could not get on with the unions.

"There is no reason why we should not put our Conservative Compact on the table in front of the trade unions and ask them to compare it objectively with the social contract," Mr. Walker said.

He maintained that in three years of Labour Government, public sector wages and salaries had increased by a "breath-taking" £2.5bn. That meant that by the end of the year every family of four in Britain would need to find £36 a week to pay the public wage bill.

The strategy for getting the TUC to swallow a huge cut in public spending appears to be to consider union members at large that this is the only way out of the crisis—points made yesterday by Mr. Edward Heath and Sir Keith Joseph. TUC leaders would, it is argued, come to accept the necessity of expenditure cuts or be isolated from their members if they refused.

A Conservative government would pay the cost of postal ballots for regions which wanted them and would encourage employers, possibly by legislation, to allow branches to meet in company time when voting to elect officials.

'Managers will not get marginal tax relief'

BY ADRIAN HAMILTON

MANAGERS will not get major relief in marginal taxation in the near future, Mr. James Callaghan Prime Minister, said yesterday. At a seminar organised by the American Chamber of Commerce during the day and again at a British Institute of Management dinner in the evening, he made plain that it would be impossible to give substantial benefits to the higher paid when the average worker was suffering a drop in living standards.

Indeed, in the evening speech, Mr. Callaghan argued that substantial amelioration of the differential problems might have to wait until the end of the decade when fruits of the Government's industrial strategy should be apparent.

Nevertheless, Government Ministers at the chamber of commerce meeting emphasised deep concern with lack of incentives for managers and there was a hint that something might be done to move the emphasis of taxation from direct to indirect levies, at least so far as rises in taxes were concerned.

In a recent interview with Barron's, the U.S. business magazine, Mr. Denis Healey, Chancellor, said: "I definitely do think the present level of taxation serves as a disincentive and those rates must come down. We have the wrong balance in this country between our direct and indirect taxation. Once we've cut inflation, we can turn to the reliance on indirect taxes like VAT and customs and excise duties." However, that was before the latest sterling crisis.

At this stage, the Prime Minister's statement suggests that major changes in the direct tax regime are ruled out. Yet the remarks made during the

day indicate some change in mood by Ministers away from their earlier dislike of indirect taxation as bearing more heavily on the poor and directly affecting retail prices.

The change could prove important if the Government is forced to raise additional revenue in order to cut its borrowing requirement and domestic credit expansion. In this case, it could well be valuable added tax or increased excise taxes which would be the means of achieving this.

The concern for the differentials and incentive problems also could be expressed in the way that pay restraint is eased during the next stage.

Adjustments

At the British Institute of Management dinner, Mr. Callaghan asserted again the need to avoid a wages free-for-all when the pay policy expires next summer.

"We must try to work towards a system carrying the endorsement of everyone, whereby levels of pay are adjusted so that they pay proper regard to social and economic priorities," he declared. He predicted a long, hard road before the industrial strategy paid off in a high earning, high output economy.

The same theme was emphasised during the Chamber of Commerce session. Stressing that the Government would not be moved from its broad industrial policy by short-term considerations, whether in the money market or elsewhere, he said that this time the Government would not be tempted to use fiscal measures to fuel an easy consumer boom.

Ferranti and Vickers.

The review board objects to the accounting treatment of long-term contracts proposed in the inflation accounting standard drafted by Mr. Douglas Morphet's Inflation Accounting Steering Group. The group was set up by accounting bodies and the Government to implement the Sandilands Report on current cost accounting.

The Morphet group believes that unpaid work-in-progress under long-term contracts should be classified as a monetary item, which would not involve change from the present accounting system. But the contracting companies say that their work-in-progress is really no different from that of other industrial companies whose costs will be increased, and consequently operating profits reduced, with the implementation of current cost accounting.

Defence contracting companies seek accounting change

BY MICHAEL LAFFERTY

MAJOR defence contracting companies have launched a campaign for special accounting treatment under the new inflation accounting system. They seek more favourable basis of calculating costs of long-term contracts which could lead to higher prices being negotiated with the Government. Britain spent £1.5bn. on non-competitive contracts in 1975/76, mainly for the purchase of defence equipment.

The contracting companies are being promoted by the Joint Review Board Advisory Committee, a body representing the Confederation of British Industry and five trade associations with particular interest in Government contracts. One of these is the influential Society of British Aerospace Companies which includes among its members Hawker Siddeley, Plessey, Rolls-Royce, Lucas, EMI,

Sandilands system delay likely

IT NOW SEEMS likely that there will be a 12-months delay in implementation of the Sandilands inflation accounting system for quoted and other large companies, as well as the nationalised industries. This would mean that these companies would not have to publish the new inflation-adjusted accounts until 1979.

It is probable that companies with more than 50 per cent. of their assets overseas will be allowed until 1980 to change over to the new system.

A draft accounting standard, based on the Sandilands Report, is now being considered by the Accounting Standards Committee, which is due to publish its proposals on November 30.

Weather

U.K. TO-DAY
SHOWERS with sunny intervals. London, S.E. England.

Rain followed by occasional showers. Wind S.W., moderate or fresh. Max. 16C (61F).

E. Anglia, Cent. S. E. and Cent. N. England, E. and W. Midlands Occasional showers. Wind S.W., moderate or fresh. Max. 16C (61F).

Channel Is., S.W. England, Wales Showers, heavy at times. Wind S.W., fresh or strong. Max. 15C (59F).

N. Wales, N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow, Cent. Highlands Showers. Winds S.W., strong to gale. Max. 14C (57F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth Occasional showers. Wind S.W., fresh or strong. Max. 13C (55F).

N. Scotland, Argyll, N. Ireland Squally showers. Wind S.W., gale. Max. 12C (54F).

Orkney, Shetland Squally showers. Wind S.W., gale. Max. 9C (48F).

Lighting-up: London 18.55, Manchester 10.03, Glasgow 19.08, Belfast 18.16.

BUSINESS CENTRES

Amsterdam 17 45, Luxembourg 17 45, Paris 17 45, Madrid 17 45, Rome 17 45, Athens 17 45, Frankfurt 17 45, Zurich 17 45, Bern 17 45, Lucerne 17 45, Basel 17 45, Cologne 17 45, Bonn 17 45, Dusseldorf 17 45, Hamburg 17 45, Leipzig 17 45, Berlin 17 45, Prague 17 45, Warsaw 17 45, Moscow 17 45, Leningrad 17 45, Kiev 17 45, Minsk 17 45, Vilnius 17 45, Riga 17 45, Tallinn 17 45, Helsinki 17 45, Stockholm 17 45, Oslo 17 45, Copenhagen 17 45, Stockholm 17 45, Helsinki 17 45, Oslo 17 45, Copenhagen 17 45.

HOLIDAY RESORTS

Algarve 17 45, Madeira 17 45, Azores 17 45, Canary Islands 17 45, Sicily 17 45, Sardinia 17 45, Corsica 17 45, Greece 17 45, Turkey 17 45, Egypt 17 45, Jordan 17 45, Israel 17 45, Lebanon 17 45, Syria 17 45, Iraq 17 45, Kuwait 17 45, Saudi Arabia 17 45, Oman 17 45, Yemen 17 45, Djibouti 17 45, Somalia 17 45, Ethiopia 17 45, Kenya 17 45, Uganda 17 45, Rwanda 17 45, Burundi 17 45, Tanzania 17 45, Zanzibar 17 45, Mozambique 17 45, Zimbabwe 17 45, Botswana 17 45, Namibia 17 45, South Africa 17 45, Swaziland 17 45, Lesotho 17 45, Malawi 17 45, Zambia 17 45, Angola 17 45, Namibia 17 45, South Africa 17 45, Swaziland 17 45, Lesotho 17 45, Malawi 17 45, Zambia 17 45, Angola 17 45.

Tentative Ford deal with Auto Workers

BY JAY PALMER

NEW YORK, Oct. 6.

THE AMERICAN United Auto Workers Union and the Ford Motor Company have reached a preliminary and tentative agreement over a new three-year labour contract which, if approved by both the union's council and rank and file workers, will shortly end the three-week strike at America's second largest car manufacturer.

Both sides refused to discuss the terms of this proposed settlement which is likely to serve as the foundation for the union's forthcoming contract talks with the other major U.S. motor companies.

However, it is generally believed that the union succeeded in winning some concessions from Ford. The pact is reported to include a substantial wage increase for both ordinary and skilled workers, more paid time off the job, increased company payments into a special worker lay-off plan and a once-off special cash payment to retired workers.

Ford executives this morning refused to discuss rumours that the preliminary settlement terms will add significantly to labour costs. One union source has strongly hinted that the pact carries a value of as much as \$3.75 an hour in terms of increased wages, fringe benefits and other provisions. Current Ford labour costs are estimated at \$11 an hour.

The agreement is understood to provide for workers getting an extra 13 paid days holiday

over the next three years. This would represent a major victory for the union (which has a reputation of winning concessions that others unions later emulate). Its push for a four-day work week with five days pay would in the end mean more unemployed union members.

Ford is also understood to have agreed to make a special cash payment of \$800 to every one of the car company's 33,000 retired workers to help offset the impact of rising prices on pensions. At the same time the company will increase its contributions to a special union fund that makes payments to laid off workers and offer all existing workers a free vision care plan that pays the increasing cost of eye examinations and glasses.

Ford's 165,000 union workers went on strike on September 15, closing down the company's 83 U.S. plants and halting production of 1977 model cars. Although the union's contracts with the other car makers expired at that same time work continued normally at all but the designated "target" plants. Despite this preliminary agreement, the Ford strike will not end immediately. Even assuming that the union's 26-man international executive Board approves the terms of the pact at its special meeting to-night, the deal must still be ratified by a majority vote of plant level workers and this is expected to take at least a week.

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